TOWN OF PANTEGO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Prepared by:

Sean Smith, CPA
Director of Finance

Beverly Griffith
Interim Director of Finance

TOWN OF PANTEGO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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Introductory Section

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1614 S. Bowen Rd.
Pantego, Texas 76013
(817) 617-3700
Fax (817) 617-3726

March 26, 2018

TO: Honorable Mayor and Town Council Members and
Citizens of the Town of Pantego, Texas:

The comprehensive annual financial report of the Town of Pantego for fiscal year ended September 30, 2017 is hereby submitted. State Law requires that all governmental units publish within six months of the close of the each fiscal year financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant. This report is published to satisfy that requirement and to provide the Town Council, staff, our citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the Town government.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

State Law requires the Town's basic financial statements to be audited by independent certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2017. This independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Rutledge Crain & Company, PC, Certified Public Accounts, performed the required audit and have issued an unmodified ("clean") opinion on the Town of Pantego's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent's auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

THE REPORTING ENTITY

Pantego incorporated in 1952 as a village, but changed to a Type A General Law city in 1967. Pantego is located in Tarrant County and is entirely surrounded by the cities of Arlington and Dalworthington Gardens. It is located in the middle of the Dallas-Fort Worth Metroplex, a metropolitan area spanning several counties. General Law cities are smaller cities, most of which are less than 5,000 in population. All General Law cities operate according to specific state statutes prescribing their powers and duties. General Law cities are limited to doing what the state authorizes or permits them to do. If state law does not grant General Law cities the express or implied power to initiate a particular action, none may be taken.

The governing body of a municipality operating as a Type A General Law municipality is known as the "City Council" and if the city has not been divided into wards, the governing body always consists of a Mayor and five Council members. Under this form of government, the Mayor and five Council members are elected at large for staggered two-year terms on the second Saturday in May. All members serve without compensation. The Mayor and City Council appoint the City Manager, City Secretary, Town Attorney, and all who serve on the Town's Boards and Commissions. The City Manager in turn appoints the heads of various departments.

In 1980, the Town adopted a Council-Manager form of government. The basic structure of the Council-Manager plan is similar to that of a private corporation, in which the stockholders elect a board of directors which then hires a president to run the company. Under the Council-Manager plan, the voters elect a City Council which, in turn, hires a City Manager to administer the Town's day-to-day affairs. The Town Council serves as the legislative body; sets policy, approves an annual operating budget, sets the tax rate, and determines the size of the payroll and the extent and cost of municipal services. In short, the Council is the final authority on all of the many policy decisions that determine the scope and functions of the Town government.

The Town provides a full range of services. These include public safety (police, fire and emergency medical services), municipal court, public works, community development and general administrative services. In addition, the Town owns and operates a water and sewer distribution system.

The basic financial statements of the Town include all governmental activities, organizations and functions for which the Town is financially accountable. The criteria considered in determining governmental activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting and Financial Reporting Standards. Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The government-wide financial statements include not only the Town itself (known as the primary government), but also include the Pantego Economic Development

Corporation (PEDC) as a discretely presented component unit. The discretely presented component unit is presented in a separate column in the government-wide financial statements.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the Town's accounting system, consideration is given to the accuracy of internal control over financial reporting. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe the Town's current system of internal control over financial reporting adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance of legal provisions embodied in the annual appropriated budget adopted by the Town Council. Budgetary controls are exercised at the departmental level. If necessary, the original adopted budget is modified to incorporate into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year.

LOCAL ECONOMY

The Town of Pantego's location between Dallas and Fort Worth is ideal for business and residents. The North Texas region possesses diverse research and educational institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate. Overall, the North Texas region has fared better than the nation as a whole. Relative low taxes, housing and energy costs make the area attractive to business, with the additional enticement that Texas has no state personal income tax.

As it is widely recognized, revenue sources for municipalities are primarily derived from Ad-Valorem (Property), sales and use taxes. Combined, property and sales tax funded approximately 67.2% of the General Fund maintenance and operation expenditures for Fiscal Year 2017. Sales tax revenue is the largest source of income for the Town of Pantego. The Town of Pantego and the PEDC are committed to the support and growth of the local economy. Rich with an eclectic mix of small businesses and national retailers, the Town and PEDC seek new investments and redevelopment that build on the abundant strengths already present in the community. To assist in this effort, PEDC continues the use of several valuable business assistance tools, such as economic incentives and small business grants.

In July 2014, both PEDC and the Town Council unanimously voted to officially join the Arlington Chamber of Commerce. The Investment in becoming part of the Chamber's President Advisory Council continues to provide significant new resources to Pantego's businesses. The Chamber has expanded its marketing and communications tools to further elevate the Pantego business community and deliver

unique services for businesses to access new customers, capital and continuing education. These resources continue to enhance the Town's proactive visionary attitude toward business development, retention and quality of life and its mission on building an economically sustainable community.

BUDGETING PROCESS

State Law requires that an operating budget be adopted prior to the first day of the fiscal year beginning October 1st. The Town's budget process is a six month cycle, which begins in early April and ends in late September. Departments submit budget proposals by early May and during the months of May and June the City Manager and the Finance Director develop the recommended budget based on the directives received by Council.

The Town of Pantego uses a program-base budgeting process. Each budgeting unit/department is given a target "baseline" funding level based upon the previous year's funding level. With a few exceptions, no capital assets, wages and benefits, or one-time packages are included in the baseline funding. Any funding request that represents new expenditures and programs, or that is in excess of baseline funding, must be submitted as a separate request or "package." These packages may be either a new or restoration request of resources, depending upon the budgeting unit's funding target.

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance Director. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information. Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Prior to August, the City Manager submits to the Council a proposed budget of expenditures and the means to finance them for the next year. The Council holds workshop meetings and public hearings on the proposed budget to receive citizen feedback and make final determinations about the eventual adopted budget. Prior to September 30th, the budget is legally enacted through the favorable passage of an appropriation ordinance. The budget may be amended during the year only after complying with the notice procedure called for adopting of the budget.

The City Manager is authorized to make line-item and departmental budget adjustments during the year in order to avoid over-expenditures of particular line items. Adjustments require no further Council action if the total appropriation for each fund as set forth in the adopted budget is not exceeded. Expenditures in excess of the adopted appropriations for each fund require budget amendments in accordance with Town Policy. Budget maintenance is a year-round activity of divisions/departments and the Finance Director. Spending control mechanisms during the year include monthly review of

expenditures and financial reports to Town Council. Finally, program goals, objectives and measures are evaluated during the budget implementation to determine effectiveness of program activities and levels of appropriate funding for subsequent years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Pantego for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. This award recognizes conformance with the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year only. This was the third year for which the Town of Pantego received this prestigious award. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements and consequently we will be submitting to the GFOA to determine its eligibility.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire Town staff. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor and Town Council for their support in planning and conducting the financial operations of the Town in a responsible manner.

Respectfully submitted,

Matthew Fielder
City Manager

Beverly Griffith
Interim Finance Director

TOWN OF PANTEGO, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2017

GOVERNING BODY
Elected Officials

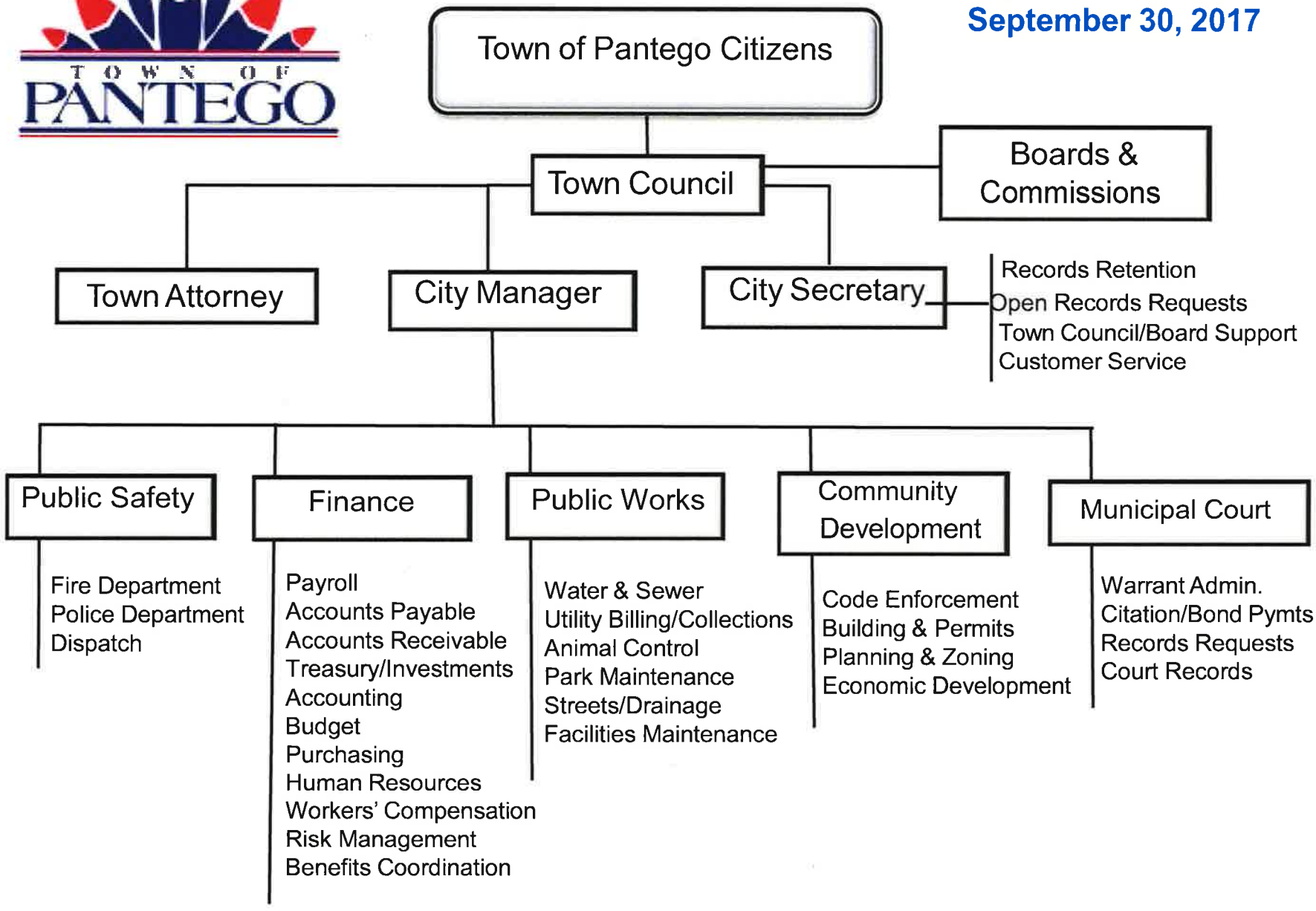
Mayor	Doug Davis
Councilmember	Don Surratt
Councilmember	Fred Adair
Councilmember	Don Funderlic
Councilmember	Jane Barrett
Councilmember/Mayor Pro Tem	Russell Brewster

ADMINISTRATION
City Officials

City Manager	Matthew Fielder
City Secretary	Jessie Hanks
Interim Finance Director	Beverly Griffith
Public Works Director	Scott Williams
Community Development Director	Dennis Jobe
Chief of Public Safety	Tom Griffith
Assistant Chief of Police	Barry Reeves
Assistant Fire Chief	Robert Coker
Municipal Court Administrator	Thressa Householder
Legal Counsel	Jim Jeffrey

TOWN OF PANTEGO

Organizational Chart
September 30, 2017



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Pantego

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Financial Section

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RUTLEDGE CRAIN & COMPANY,PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Pantego, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Pantego, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Pantego, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System pension information on pages 15–23 and 64-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Metro (817) 265-9989
Members:
American Institute of Certified Public Accounts
Texas Society of Certified Public Accountants

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pantego, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Whitley Penn & Company, PC

March 9, 2018

Management's Discussion and Analysis

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This section of the Town of Pantego (the "Town") annual financial report presents our discussion of the Town's financial performance during the fiscal year ended September 30, 2017. The management's discussion and analysis is supplemental to, and should be considered, along with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources of the Town of Pantego exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by $10,113,508 (net position) compared to $10,754,866 for the prior year. Of this amount, $1,766,656 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position decreased by $641,358. The Town's governmental activities net position decreased by $588,963 and the business-type activities net position decreased by $52,395.

- As of the close of the current fiscal year, the Town of Pantego's governmental funds reported combined ending fund balances of $4,792,115 which is an increase of $63,041 from the prior year.

- As of the close of the current fiscal year, unassigned fund balance for the general fund was $2,469,074, which is 222 days or 61% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities we divide the Town into two (2) kinds of activities:

- *Governmental Activities*: Most of the Town's basic services are reported here, including the police, fire, street maintenance, municipal court and general administration. Property tax, sales tax, charges for services, franchise fees, and fines and forfeitures provide the majority of the funding for these activities.

- *Business-type Activities*: The Town charges a fee to customer to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate Economic Development Corporation for which the Town is financially accountable. The Pantego Economic Development Corporation (P.E.D.C.) accounts for the local sales tax used to stimulate the local economy, development, and redevelopment. Financial information for this component unit is reported separately from the financial information presented for the primary government. Additional information on the component unit can be found in Note 1 in the notes to the basic financial statements.

The government-wide financial statements can be found on Exhibits A-1 and A-2 of this report.

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants. The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street improvement fund and the Park Row project fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts annual appropriated budgets for the general fund, special revenue funds and debt service fund. A budgetary comparison schedule has been provided for all budgeted funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits A-3 through A-6 of this report.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Services for which the Town charges customers a fee are generally reported in proprietary funds. The Town uses an enterprise fund, the Water and Sewer Fund to account for its operations. The proprietary fund financial statements provide information on the Town's utility (water and sewer) system, which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on Exhibits A-7 through A-9 of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $10,113,508 as of September 30, 2017. Below is a summary of the Town's Statement of Net Position.

CONDENSED STATEMENT OF NET POSITION
At September 30, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 5,833,306	$ 5,308,177	$ 1,158,643	$ 1,250,976	$ 6,991,949	$ 6,559,153
Capital assets	4,589,884	5,069,724	2,099,503	1,949,812	6,689,387	7,019,536
Total assets	10,423,190	10,377,901	3,258,146	3,200,788	13,681,336	13,578,689
Deferred outflow of resources	874,455	1,067,348	112,324	127,088	986,779	1,194,436
Long-term liabilities	3,276,600	3,356,683	318,799	316,297	3,595,399	3,672,980
Other liabilities	654,402	147,697	231,481	140,122	885,883	287,819
Total liabilities	3,931,002	3,504,380	550,280	456,419	4,481,282	3,960,799
Deferred inflow of resources	66,083	51,346	7,242	6,114	73,325	57,460
Net Position:						
Net investment in capital assets	4,193,711	4,485,022	2,099,503	1,949,812	6,293,214	6,434,834
Restricted	2,053,638	2,125,490	-	-	2,053,638	2,125,490
Unrestricted	1,053,211	1,279,011	713,445	915,531	1,766,656	2,194,542
Total net position	$ 7,300,560	$ 7,889,523	$ 2,812,948	$ 2,865,343	$ 10,113,508	$ 10,754,866

The largest portion of the Town's net position $6,293,214 (62.2%) reflects its net investment in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position $2,053,638 (20.3%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net position $1,766,656 (20.5%) may be used to meet the government's ongoing obligation to citizens and creditors. At the end of the fiscal year, the Town was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental

and business-type activities. The following table provides a summary of the Town's operations for the year ended September 30, 2017.

CHANGES IN NET POSITION
At September 30, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	$ 836,391	$ 1,090,621	$ 1,192,044	$ 1,236,588	$ 2,028,435	$ 2,327,209
Operating grants and contributions	11,342	53,649	-	-	11,342	53,649
Capital grants and contributions	7,378	-	-	-	7,378	-
General Revenues:						
Property taxes	1,126,456	1,056,398	-	-	1,126,456	1,056,398
Sales taxes	1,927,619	1,974,220	-	-	1,927,619	1,974,220
Franchise taxes	331,537	334,925	-	-	331,537	334,925
Investment earnings	42,736	14,237	7,244	2,096	49,980	16,333
Miscellaneous	30,011	73,802	622	-	30,633	73,802
Gain (loss) on sale of capital asset	(19,942)	-	-	-	(19,942)	-
Total Revenues	4,293,528	4,597,852	1,199,910	1,238,684	5,493,438	5,836,536
Expenses:						
General and administrative	569,338	506,739	-	-	569,338	506,739
Public works	658,630	895,132	-	-	658,630	895,132
Community development	199,548	139,358	-	-	199,548	139,358
Police	1,580,347	1,382,204	-	-	1,580,347	1,382,204
Fire	1,432,930	1,247,185	-	-	1,432,930	1,247,185
Municipal court	416,187	372,869	-	-	416,187	372,869
Other	27,387	136,147	-	-	27,387	136,147
Interest and fiscal agent charges	(1,876)	28,057	-	-	(1,876)	28,057
Water and sewer	-	-	1,252,304	1,287,745	1,252,304	1,287,745
Total Expenses	4,882,491	4,707,691	1,252,304	1,287,745	6,134,795	5,995,436
Increase (decrease) in net position	(588,963)	(109,839)	(52,394)	(49,061)	(641,357)	(158,900)
Net position - beginning	7,889,522	7,999,361	2,865,342	2,914,403	10,754,864	10,913,764
Net position - ending	$ 7,300,559	$ 7,889,522	$ 2,812,948	$ 2,865,342	$ 10,113,507	$ 10,754,864

Governmental Activities – Governmental activities decreased the Town's net position by $588,963 in the current year compared to a $109,839 decrease in the prior year. Total governmental activities revenues decreased by $304,324 (6.6%) primarily due to decreases in charges for services, sales tax and capital grants that were partially offset by increases in property taxes and investment earnings. Expenditures for the 2017 fiscal year increased by $174,800 (3.7%) over the prior fiscal year.

Business-type Activities – Business-type activities decreased the Town's net position by $52,394 in the current year compared to a decrease in net position of $49,061 in the prior year. Total revenues decreased by $38,774 (3.1%). Expenses decreased $35,441 (2.8%) over the prior fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $4,792,115. Approximately 51.5% or $2,469,074 of this total constitutes unassigned fund balance, which is available for spending at the government's discretion. Fund balance of $3,344 is considered nonspendable because it has been used for prepaid items and inventory. A total of $2,319,697, approximately 48.4%, is restricted, committed and assigned due to external limitations on its use, such as by debt covenants, legal, Town Council restrictions, or intention of grantors, donors, or trustees.

The General fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance of the General fund was $2,469,074. It is useful to compare unassigned fund balance to total fund expenditures as a measure of liquidity. Unassigned fund balance represents approximately 61% or 222 days of total general fund expenditures. The ending fund balance in the general fund decreased by $52,106 compared to a $358,335 increase in the prior year.

The Street Improvement fund was created to account for infrastructure maintenance and improvements funded with a .25% (1/4¢) sales tax. Fund balance of the Street Improvement fund increased by $161,591 to $882,109. Sales tax revenue decreased $7,604 (2.3%) from the previous year. Expenditures for street maintenance and improvements were $165,049.

The Park Row Project fund was created to help centralize revenues, transfers and expenditures related to the rehabilitation of the Park Row corridor. Fund balance of the Park Row Project fund increased by $8,767. There were no expenditures during the fiscal year for the Park Row Project.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer fund, at the end of the fiscal year amounted to $713,445. The Water and Sewer fund is considered a major fund of the Town. Other factors concerning finances of this fund are addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights – During the fiscal year the Town amended its budget once. General Fund revenues were below budget projections by $179,400 and expenditures were $207,6 less than budgeted.

The following schedule presents a summary of General Fund revenues and expenditures for the fiscal year ended September 30, 2017, and the amount and percentage increase and decrease in relation to the prior fiscal year.

Summary of General Fund Revenues

Revenues	Fiscal Year 2017	Percent of Total	Increase (Decrease) from prior year	Percentage Increase/ (Decrease)
Property tax	$ 1,122,128	28.1%	$ 63,332	6.0%
Sales tax	1,608,733	40.3%	(38,997)	-2.4%
Franchise tax	325,907	8.2%	(11,867)	-3.5%
Fines and forfeitures	612,789	15.4%	(140,942)	-18.7%
Licenses and permits	71,937	1.8%	(17,480)	-19.5%
Ambulance service	148,648	3.7%	23,878	19.1%
Intergovernmental	25,800	0.6%	(215)	-0.8%
Charges for services	10,145	0.3%	(8,000)	-44.1%
Contributions and donations	5,765	0.1%	2,881	99.9%
Investment earnings	24,032	0.6%	16,123	203.9%
Miscellaneous	35,806	0.9%	(37,996)	-51.5%
Total	$ 3,991,690	100.0%	$ (149,283)	-3.7%

Overall, General Fund revenues decreased by $149,283, or 3.7% over the prior fiscal year. Most significantly, property tax revenue increased $63,332, however sales tax revenue decreased by $38,997 and fines and forfeitures revenue decreased $140,942.

Summary Of General Fund Expenditures

Expenditures	Fiscal Year 2017	Percent of Total	Increase (Decrease) from prior year	Percentage Increase/ (Decrease)
General and administrative	$ 498,044	12.2%	$ 16,105	3.3%
Public Works	241,931	5.9%	(275,314)	-53.2%
Community development	146,978	3.6%	11,910	8.8%
Police	1,399,001	34.4%	195,650	16.3%
Fire	1,301,849	32.0%	224,704	20.9%
Municipal Court	383,498	9.4%	46,869	13.9%
Other	11,242	0.3%	(11,030)	-49.5%
Capital Outlay	83,816	2.1%	(111,924)	-57.2%
Total	$ 4,066,359	100.0%	$ 96,970	2.4%

General Fund expenditures increased by $96,970 or 2.4% over the prior year. The Police and Fire departments increased primarily due to raises and overtime.

CAPITAL ASSETS

The Town's net investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to $6,689,387. Major capital asset purchases and projects completed during the fiscal year included the following:

Governmental activities:

- Roof Replacement at City Hall $49,885;
- Smith Barry Overlay Improvements $35,195.

Business-type activities:

- North Pioneer Parkway water main replacement $139,540;
- CX 363 Excavator $58,000;
- Well overhaul Replace Pump and Motor $113,551.

CAPITAL ASSETS
(NET OF DEPRECIATION)
At Year End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 211,263	$ 211,263	$ 61,971	$ 61,971	$ 273,234	$ 273,234
Construction in progress	-	24,398	158,248	177,089	158,248	201,487
Buildings	920,384	909,912	-	-	920,384	909,912
Improvements	378,146	455,079	1,879,284	1,710,752	2,257,430	2,165,831
Machinery and equipment	1,104,513	1,364,832	-	-	1,104,513	1,364,832
Infrastructure	1,975,578	2,104,240	-	-	1,975,578	2,104,240
Total	$4,589,884	$ 5,069,724	$ 2,099,503	$ 1,949,812	$ 6,689,387	$ 7,019,536

Additional information on the Town's capital assets can be found in Note 6 in the notes to the basic financial statements.

LONG TERM DEBT

At the end of the current fiscal year, the Town had a total of $395,702 in outstanding bonded debt and capital leases. Of this amount, $60,000 comprises bonded debt secured by a combination of property taxes and a limited pledge of other revenues. Outstanding capital lease obligations of $335,957 is related to the purchase of machinery and equipment financed through capital leases.

OUTSTANDING DEBT
At Year End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Certificates of Obligation	$ 60,000	$ 90,000	$ -	$ -	$ 60,000	$ 90,000
Capital Lease Obligations	335,957	494,702	-	-	335,957	494,702
Total	$ 395,957	$ 584,702	$ -	$ -	$ 395,957	$ 584,702

Additional information on the Town's outstanding debt can be found in Note 8 in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Although the nationwide economic forecast for the future continues to be uncertain, the Town continues to remain in a relatively stable position. Overall, the Town experienced a slight decrease of 2.4% in sales tax revenue compared to the prior fiscal year. The Town's efforts towards economic development, attracting new retail businesses and redeveloping existing properties, continue to be a major focus now and for years to come.

The Town's property tax rate remained unchanged at $0.42 per $100 taxable value for fiscal year 2018. The Town does, however, expect an overall increase in property tax revenue in the upcoming fiscal year due to increased valuations and additions to the tax base. In Fiscal Year 2018, General Fund revenues are projected to increase 5.0% over Fiscal Year 2017 projected revenues, while expenditures are expected to increase by 5.7% over Fiscal Year 2017 estimated expenditures.

A grant award from the Texas Parks and Wildlife Department (TPWD) in the amount of $75,000 was received for equipment additions and improvements to Bicentennial Park. The completion of improvements to our park facilities and the repair and upgrade of the Town's streets and roads continue to be a top priority for Council and staff. The most significant activity the Town will undertake in the upcoming year will be the improvements to the park, planning for the redevelopment of Park Row and other scheduled street improvements.

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the Town of Pantego, Attn: Finance Department, 1614 South Bowen Rd, Pantego, Texas 76013. This information can also be accessed on the Town of Pantego's website at www.townofpantego.com.

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Basic Financial Statements

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EXHIBIT A-1

TOWN OF PANTEGO, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Cash and Cash Equivalents	$ 4,688,506	$ 831,223	$ 5,519,729	$ 836,829
Receivables, net:				
Property tax	50,596	--	50,596	--
Sales tax	329,154	--	329,154	110,568
Franchise tax	165,294	--	165,294	--
Fines receivable	498,591	--	498,591	--
Accounts	72,159	184,893	257,052	--
Other	21,364	6,353	27,717	25,298
Internal balances	--	--	--	--
Due from other governments	3,504	--	3,504	--
Due from component unit	793	--	793	--
Loans receivable	--	--	--	36,843
Inventory	2,818	19,859	22,677	6,971
Prepaid items	526	--	526	--
Restricted Assets:				
Cash and cash equivalents	--	116,315	116,315	--
Capital Assets (net of accumulated depreciation):				
Land	211,263	61,971	273,234	--
Construction in progress	--	158,248	158,248	80,700
Buildings	852,573	--	852,573	--
Improvements other than buildings	445,959	1,879,284	2,325,243	--
Machinery and equipment	1,104,513	--	1,104,513	--
Infrastructure	1,975,577	--	1,975,577	--
Total Assets	10,423,190	3,258,146	13,681,336	1,097,209
DEFERRED OUTFLOWS OF RESOURCES:				
Employee pensions	874,455	112,324	986,779	--
Total Outflows of Resources	874,455	112,324	986,779	--
LIABILITIES:				
Accounts payable	80,380	115,166	195,546	35,820
Accrued payroll liabilities	70,940	--	70,940	--
Other liabilities	404,106	--	404,106	--
Accrued interest payuable	4,926	--	4,926	5,480
Customer deposits payable	--	116,315	116,315	--
Due to primary government	--	--	--	793
Due to other governments	94,050	--	94,050	--
Noncurrent Liabilities-				
Due within one year	386,190	--	386,190	160,000
Due in more than one year	2,890,410	318,799	3,209,209	710,000
Total Liabilities	3,931,002	550,280	4,481,282	912,093
DEFERRED INFLOWS OF RESOURCES:				
Employee pensions	66,083	7,242	73,325	--
Total Inflows of Resources	66,083	7,242	73,325	--
NET POSITION:				
Net Investment in Capital Assets	4,193,711	2,099,503	6,293,214	80,700
Restricted For:				
Debt Service	81,369	--	81,369	--
Capital Projects	1,972,269	--	1,972,269	--
Unrestricted	1,053,211	713,445	1,766,656	104,416
Total Net Position	$ 7,300,560	$ 2,812,948	$ 10,113,508	$ 185,116

The accompanying notes are an integral part of this statement.

TOWN OF PANTEGO, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 589,280	$ --	$ --	$ --
Public works	658,630	--	--	--
Community Development	199,548	77,457	--	7,378
Police	1,580,347	547,499	7,384	--
Fire	1,432,930	187,824	3,958	--
Municipal Court	416,187	23,611	--	--
Other	27,387	--	--	--
Interest and fiscal agent charges	(1,876)	--	--	--
Total Governmental Activities	4,902,433	836,391	11,342	7,378
Business-type Activities:				
Water and Sewer	1,252,304	1,192,044	--	--
Total Business-type Activities	1,252,304	1,192,044	--	--
Total Primary Government	$ 6,154,737	$ 2,028,435	$ 11,342	$ 7,378
COMPONENT UNITS:				
Pantego Economic Development Corporation	440,353	--	--	--
Total Component Units	$ 440,353	$ --	$ --	$ --

General Revenues:
Taxes:
Property Taxes
Sales Taxes
Franchise Taxes
Unrestricted Investment Earnings
Miscellaneous Revenue
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Units
$ (589,280)		$ (589,280)	
(658,630)		(658,630)	
(114,713)		(114,713)	
(1,025,464)		(1,025,464)	
(1,241,148)		(1,241,148)	
(392,576)		(392,576)	
(27,387)		(27,387)	
1,876		1,876	
(4,047,322)		(4,047,322)	
--	$ (60,260)	(60,260)	
--	(60,260)	(60,260)	
(4,047,322)	(60,260)	(4,107,582)	
			(440,353)
			(440,353)
1,126,456	--	1,126,456	--
1,927,619	--	1,927,619	638,621
331,537	--	331,537	--
42,736	7,244	49,980	5,002
30,011	622	30,633	7,548
3,458,359	7,866	3,466,225	651,171
(588,963)	(52,394)	(641,357)	210,818
7,889,523	2,865,342	10,754,865	(25,702)
$ 7,300,560	$ 2,812,948	$ 10,113,508	$ 185,116

TOWN OF PANTEGO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Street Improvements Fund
ASSETS:		
Assets:		
Cash and Cash Equivalents	$ 2,518,068	$ 827,250
Receivables, net:		
Property tax	38,809	--
Sales tax	274,295	54,859
Franchise tax	165,294	--
Fines	498,591	--
Accounts	72,159	--
Other	20,364	--
Due from other funds	1,146	--
Due from component unit	793	--
Due from other governments	3,504	--
Inventory	2,818	--
Prepaid assets	526	--
Total Assets	$ 3,596,367	$ 882,109
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 80,380	$ --
Accrued payroll liabilities	70,940	--
Due to other funds	--	--
Due to other governments	94,050	--
Other liabilities	398,651	--
Total Liabilities:	644,021	--
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	379,928	--
Total Deferred Inflows of Resources	379,928	--
FUND BALANCES		
Nonspendable:		
Inventory	2,818	--
Prepaid items	526	--
Restricted:		
Debt service	--	--
Municipal court	--	--
Street improvements	--	882,109
Park Row project	--	--
Animal control services	--	--
Other purposes	--	--
Committed		
Capital projects	--	--
Assigned		
Equipment replacement	100,000	--
Unassigned	2,469,074	--
Total fund balances	2,572,418	882,109
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,596,367	$ 882,109

The accompanying notes are an integral part of this statement.

Park Row Project	Other Governmental Funds	Total Governmental Funds
$ 1,066,144	$ 277,045	$ 4,688,507
--	11,787	50,596
--	--	329,154
--	--	165,294
--	--	498,591
--	--	72,159
--	1,000	21,364
--	--	1,146
--	--	793
--	--	3,504
--	--	2,818
--	--	526
$ 1,066,144	$ 289,832	$ 5,834,452
$ --	$ --	$ 80,380
--	--	70,940
1,146	--	1,146
--	--	94,050
--	5,455	404,106
1,146	5,455	650,622
--	11,787	391,715
--	11,787	391,715
--	--	2,818
--	--	526
--	69,582	69,582
--	92,129	92,129
--	--	882,109
1,064,998	--	1,064,998
--	75,172	75,172
--	10,545	10,545
--	25,162	25,162
--	--	100,000
--	--	2,469,074
1,064,998	272,590	4,792,115
$ 1,066,144	$ 289,832	$ 5,834,452

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TOWN OF PANTEGO, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds balance sheet	$	4,792,115
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		4,589,884
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		50,597
Payables for bond principal which are not due in the current period are not reported in the funds.		(60,000)
Payables for capital leases which are not due in the current period are not reported in the funds.		(336,174)
Payables for bond interest which are not due in the current period are not reported in the funds.		(4,926)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(191,314)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.		117,563
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.		223,555
Recognition of the Town's proportionate share of the net pension liability is not reported in the funds.		(2,689,112)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(66,083)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		874,454
Net position of governmental activities - Statement of Net Position	$	7,300,559

The accompanying notes are an integral part of this statement.

TOWN OF PANTEGO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Street Improvements Fund
Revenue:		
Taxes:		
Property	$ 1,122,128	$ --
Sales	1,608,733	318,886
Franchise	325,907	--
Fines and forfeitures	612,789	--
Licenses and Permits	71,937	--
Ambulance service	148,648	--
Intergovernmental	25,800	--
Charges for services	10,145	--
Contributions and Donations	5,765	--
Investment Earnings	24,032	7,754
Miscellaneous	35,806	--
Total revenues	3,991,690	326,640
Expenditures:		
General and administrative	498,044	--
Public works	241,931	127,129
Community development	146,978	--
Police	1,399,001	--
Fire	1,301,849	--
Municipal Court	383,498	--
Other	11,242	--
Capital outlay	83,816	37,920
Debt Service:		
Principal	--	--
Interest and Fiscal Charges	--	--
Total Expenditures	4,066,359	165,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,669)	161,591
Other Financing Sources (Uses):		
Transfers In	24,242	--
Transfers Out	(6,134)	--
Sale of Capital Assets	4,455	--
Total Other Financing Sources (Uses)	22,563	--
Net Change in Fund Balances	(52,106)	161,591
Fund Balances - Beginning	2,624,524	720,518
Fund Balances - Ending	$ 2,572,418	$ 882,109

The accompanying notes are an integral part of this statement.

Park Row Project	Other Governmental Funds	Total Governmental Funds
$ --	$ 177	$ 1,122,305
--	--	1,927,619
--	--	325,907
--	23,611	636,400
--	--	71,937
--	--	148,648
--	--	25,800
--	--	10,145
--	--	5,765
8,767	2,183	42,736
--	--	35,806
8,767	25,971	4,353,068
--	--	498,044
--	--	369,060
--	--	146,978
--	--	1,399,001
--	--	1,301,849
--	--	383,498
--	16,145	27,387
--	13,353	135,089
--	30,000	30,000
--	3,576	3,576
--	63,074	4,294,482
8,767	(37,103)	58,586
--	1,892	26,134
--	(20,000)	(26,134)
--	--	4,455
--	(18,108)	4,455
8,767	(55,211)	63,041
1,056,231	327,801	4,729,074
$ 1,064,998	$ 272,590	$ 4,792,115

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TOWN OF PANTEGO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds	$	63,041
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		135,089
The depreciation of capital assets used in governmental activities is not reported in the funds.		(597,909)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.		(24,397)
Donations of capital assets increase net position in the SOA but not in the funds.		7,378
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		4,152
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		30,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		156,745
(Increase) decrease in accrued interest from beginning of period to end of period.		5,450
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(77,061)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.		(89,583)
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.		32,826
Revenues in the SOA for franchise taxes not providing current financial resources are not reported in the funds.		5,630
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(240,324)
Change in net position of governmental activities - Statement of Activities	$	(588,963)

The accompanying notes are an integral part of this statement.

TOWN OF PANTEGO, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2017

	Enterprise Fund Water and Sewer Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 831,223
Receivables (net of allowances for uncollectibles):	
Accounts	184,893
Other	6,353
Inventories	19,859
Restricted assets	
Cash and Cash Equivalents	116,315
Total Current Assets	1,158,643
Noncurrent Assets:	
Land	61,971
Construction in Progress	158,248
Improvements Other Than Buildings	6,033,441
Less Accumulated Depreciation	(4,154,157)
Total Noncurrent Assets	2,099,503
Total Assets	3,258,146
DEFERRED OUTFLOWS OF RESOURCES:	
Employee pensions	112,324
Total Outflows of Resources	112,324
LIABILITIES:	
Current Liabilities:	
Accounts payable	115,166
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	116,315
Total Current Liabilities	231,481
Noncurrent Liabilities:	
Net Pension Obligation	318,799
Total Noncurrent Liabilities	318,799
Total Liabilities	550,280
DEFERRED INFLOWS OF RESOURCES:	
Employee pensions	7,242
Total Inflows of Resources	7,242
NET POSITION:	
Net Investment in Capital Assets	2,099,503
Unrestricted	713,445
Total Net Position	$ 2,812,948

The accompanying notes are an integral part of this statement.

TOWN OF PANTEGO, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES:	
Charges for Sales and Services:	
Water sales	$ 460,207
Sewer charges	379,583
Groundwater conversation fees	38,116
Infrastructure improvement fees	291,497
Late payment charges	13,255
Miscellaneous	9,386
Total Operating Revenues	1,192,044
OPERATING EXPENSES:	
Personnel	434,853
Utilities	134,144
Maintenance and repairs	97,163
Franchise fees	47,727
Other	38,061
Sewage treatment - other governments	328,525
Depreciation	171,831
Total Operating Expenses	1,252,304
Operating Income	(60,260)
NON-OPERATING REVENUES (EXPENSES):	
Investment earnings	7,244
Other income	622
Total Non-operating Revenues (Expenses)	7,866
Change in Net Position	(52,394)
Total Net Position - Beginning	2,865,342
Total Net Position - Ending	$ 2,812,948

The accompanying notes are an integral part of this statement.

TOWN OF PANTEGO, TEXAS

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,433,885
Cash Payments to Employees for Services	(416,459)
Cash Payments to Other Suppliers for Goods and Services	(560,589)
Net Cash Provided (Used) by Operating Activities	456,837
Cash Flows from Capital and Related Financing Activities:	
Acquisition or Construction of Capital Assets	(321,523)
Net Cash Provided (Used) for Capital & Related Financing Activities	(321,523)
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	7,866
Net Cash Provided (Used) for Investing Activities	7,866
Net Increase (Decrease) in Cash and Cash Equivalents	143,180
Cash and Cash Equivalents at Beginning of Year	804,358
Cash and Cash Equivalents at End of Year	$ 947,538
Reported on Statement of Net Position:	
Unrestricted cash	$ 831,223
Restricted cash	116,315
	$ 947,538
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ (60,260)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	171,832
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	87,237
Decrease (Increase) in Other Receivables	156,690
Decrease (Increase) in Inventories	(8,414)
Decrease (Increase) in Deffered Resource Outflows Pension	14,764
Increase (Decrease) in Accounts Payable	93,445
Increase (Decrease) in Custoer Deposits	(2,086)
Increase (Decrease) in Net Pension Liability	2,502
Increase (Decrease) in Deferred Resource Inflows Pension	1,127
Total Adjustments	517,097
Net Cash Provided (Used) by Operating Activities	$ 456,837

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Pantego, Texas (the "Town") was incorporated January 5, 1952, and operates under a Council-Manager form of government providing the following services as a duly incorporated general law city as authorized by the general laws of the State of Texas and subsequent Town ordinances: public safety (police, fire and ambulance), streets and bridges, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Pantego, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board, which is the recognized financial accounting standard setting body of governmental entities. The notes to the financial statements are an integral part of the Town's financial statements.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered financially accountable or other organizations whose nature and significant relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town.

The financial statements include one discretely presented component unit which has a September 30th year-end. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

Discretely Presented Component Unit

The Pantego Economic Development Corporation (PEDC) was created under the Development Corporation Act of 1979 and is governed by Section 4B of the Act. The PEDC is governed by a Board of Directors comprised of members of Town Council and members appointed by the Town Council. Capital improvement projects undertaken by the PEDC are for the benefit of the Town. The PEDC may not issue debt without approval of the voters of the Town and the Town Council. The Town must approve changes to the PEDC's articles of incorporation, may unilaterally terminate the PEDC and has residual interest in the net assets of the PEDC The PEDC activities are reported herein as the PEDC Sales Tax Revenue Special Revenue Fund, PEDC Debt Service Fund, and PEDC Operating Fund. The PEDC is reported as a discretely presented component unit in the statement of net positions and statement of activities.

Flow of Revenue – PEDC – Sales tax is the significant source of revenue for PEDC Sales tax receipts are initially recorded in the PEDC Sales Tax Revenue fund as sales tax revenue. Transfers are used to transfer cash to the PEDC Debt Service fund as needed to maintain a required reserve and to make debt service payments as they become due. Transfers are also used to transfer cash in excess of debt service needs to the PEDC Operating fund.

Governmental accounting standards require reasonable separation between the primary government and it's discretely presented component units, both in the financial statements and in the related notes. Because discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

B. Government-wide and Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. The focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Improvement Fund* accounts for .25% (1/4 ¢) sales tax used for infrastructure maintenance and improvement.

The *Park Row Project Fund* was created to account and centralize both revenues, transfers and expenditures of the Park Row Project throughout the duration of the project. The project consists of the rehabilitation of the Park Row corridor which is to include new streets, sidewalks, waterlines, lighting and crosswalks.

The Town reports the following major enterprise fund:

The *Water and Sewer Fund* is used to account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, capital improvements, billing and collection.

Additionally, the City reports the following fund types:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Equipment Replacement Capital Projects Fund* was established to account for resources to be used for the acquisition of replacement equipment.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and wastewater fund and various other funds of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various funds concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue and interest income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows, Fund Balance and Net Position

1) Cash and Cash Equivalents – The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are considered cash and cash equivalents. Assets reported as cash and investments are considered cash and cash equivalents for the statement of cash flows.

2) Receivables and Payables – Interfund transactions result between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" line of the government wide statement of net position.

3) Unbilled Service – Utility operating revenues (water and sewer) are billed on monthly cycles. The Town records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year. Accounts receivable in the water and sewer fund includes $110,156 of earned but unbilled revenue.

4) Inventory and prepaid items – Inventories consist of expendable supplies held for consumption. The inventory of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory to date. Inventories, which are expensed as they are consumed, are stated at the lower of cost or market on a first-in, first-out (FIFO) method. In the General Fund, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital assets – Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), purchased or acquired, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets , donated works of art and similar items, and any capital assets received in a service concession arrangement are reported at acquisition value, as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

   The Town defines capital assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Intangible assets with definite lives are recorded at cost and amortized over the useful lives. Intangible assets with indefinite lives are recorded at cost and no amortization is taken.

   Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	5 – 50 years
Improvements other than buildings	3 – 30 years
Machinery, equipment and furniture	3 – 10 years
Water & sewer system infrastructure	5 – 50 years
Street and storm drainage infrastructure	10 – 40 years

   Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is capitalized

6) Compensated absences – It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick benefits. No sick pay benefits are paid upon separation from service and therefore have not been accrued in the financial statements. All vacation pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements.

7) Long-term Obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fun type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8) Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9) Deferred outflows/inflows of resources – Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

   A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The Town has one item that qualifies for reporting in this category:

   Deferred outflow of resources for employee pensions – Reported in the government wide financial statement of net position, these deferred outflows resulting primarily from differences between projected

and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability. The deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The Town has two items that qualify for reporting in this category:

Deferred inflow of resources for unavailable (deferred) revenues – Reported only in the governmental funds balance sheet for unavailable revenues from property taxes, franchise taxes, ambulance services and municipal court fines and forfeitures under the modified accrual basis of accounting. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Deferred inflow of resources for employee pensions – Reported in the government wide financial statements of net position and in the statement of net position for proprietary funds. The employee pension related deferred inflow of resources will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

10) Fund Balance – Governmental Funds – Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (such as prepaids and inventory) or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments imposed or is imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that the Town can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classifications includes amounts that can be used only for the specific purposed imposed by formal action of the Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same formal action it employed to previously commit those amounts.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Town Council has the authority to assign amounts for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy – It is the goal of the Town that unassigned fund balance of the General Fund should be at least 90 days (24.66%) of General Fund annual expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the Town will take action to reduce the fund balance if the unassigned fund balance grows beyond 120 days of

expenditures. As of September 30, 2017 the General Fund had approximately 236 days or 65% of annual expenditures in the unassigned fund balance.

11) Net Position – Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The following is a reconciliation of restricted fund balance reported in governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

12) Management's Use of Estimates – The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

13) Reclassifications – Certain accounts and funds in the prior fiscal year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

E. Accounting Pronouncements

During fiscal year 2017, the Town of Pantego adopted the following Governmental Accounting Standards Board (GASB) Statements:

The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

1. Cash and Cash Equivalents

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income related to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments. Cash and investments as of September 30, 2017, are classified in the statement of net position as cash and cash equivalents and restricted cash and cash equivalents. Cash and cash equivalents as of September 30, 2017 consist of the following:u

At September 30, 2017, the City had the following investments which are considered cash equivalents:

	Fair Value	Weighted Average Maturity (Days)
Investment Type		
TexPool	$5,801,889	45
Cash	670,984	
Total cash and cash equivalents	$6,472,873	

Cash and cash equivalents are reported in the:

Statement of net position as follows:	
Governmental activities unrestricted	$4,688,506
Governmental activities restricted	--
Business-type activities unrestricted	831,223
Business-type activities restricted	116,315
Total City	5,636,044
PEDC Discrete Component Unit	836,829
	6,472,873

Deposits

State statutes authorize the Town's cash to be deposited in demand deposits, time deposits, or certificates of deposit, and require that all deposits be fully collateralized or insured. The depository bank places approved pledge securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect the Town's funds on at day-to-day basis.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance. The PEDC deposits are secured by a separate pledge of securities and FDIC insurance. At September 30, 2017, the Town's deposits and those of the Pantego Economic Development Corporation were covered by FDIC insurance or by collateral held by the bank's agent in the Town's name.

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement and publicize an investment policy. This policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation references for certificates of deposit.

The Town's investment policy authorizes the Town to invest in obligations of the United States government and its agencies and instrumentalities, fully insured or collateralized certificates of deposit, repurchase agreements not to exceed 90 days to stated maturity, AAA-rated, SEC registered money market funds, AAA-rated Texas local government investment pools, and other interest bearing accounts at the Town's depository. During the year ended September 30, 2016, the Town did not own any types of securities other than those permitted by statute.

The Town invests idle fund in the Texas Local Government Investment Pools: TexPool and TexPool Prime. These government investment pools operate in a manner consistent with the SEC's Rule 2A7 of the Investment Act of 1940. The Pools are required to maintain market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Interest Rate Risk – Interest rate risk is the risk that changes in the market place will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In order to limit interest and market rate risk from changes in interest rates, the Town of Pantego's adopted Investment Policy sets the weighted average maturity (WAM) limit to one (1) year for operating funds and two (2) years for non-operating funds.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency. A primary stated objective of the Town of Pantego's adopted Investment Policy is the safety of principal and avoidance of principal loss. The Town controls risk by limiting its investments to those instruments allowed by its investment policy.

Concentration Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. It is the policy of the Town of Pantego to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

Custodial Credit Risk – *Investments* - In order to control custody and safekeeping risk State law and the Town of Pantego's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Town and held in the Town's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of U.S. Financial Institutions Resource and Recovery Enforcement Act ("FIRREA"). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

2. Property Tax

The Town's property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Property taxes attach as an enforceable lien on property as of January 1 and are levied for appropriation for the fiscal year beginning October 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as provided by the Texas Property Tax Code.

Property taxes are accrued based on the period for which they are levied and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year-end are recorded as deferred revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue in the period to which they apply.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The combined tax rate to finance general governmental services and debt service for the Town of Pantego for the year ended September 30, 2017 was $0.4200 per $100 of assessed valuation.

4. Receivables and Deferred Revenues

All receivables are shown net of allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax and municipal court allowance for uncollectible accounts are equal to approximately 60% and 75% of the outstanding balance at September 30, and the ambulance allowance consists of accounts aged more than 120 days. The allowance for the water and sewer accounts receivable is equal to the accounts receivable that are aged three (3) or more months as of September 30.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Receivables and deferred revenue as of September 30, 2017 for the government's individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General	Street Improvement	Other Governmental	Total Governmental	Water & Sewer	Component Unit
Property tax	$88,243	$ --	$33,432	$121,675	$ --	$ --
Allowance	(49,434)	--	(21,645)	(71,079)	--	--
	$38,809	$ --	$11,787	$50,596	$ --	$ --
Sales tax	$274,295	$54,859	$ --	$329,154	$ --	$110,568
Franchise tax	$165,294	$ --	$ --	$165,294	$ --	$ --
Fines	576,966	--	--	576,966	--	--
Allowance	(78,375)	--	--	(78,375)	--	--
	$498,591	$ --	$ --	$498,591	$ --	$ --
Accounts	$918,113	$ --	$ --	$918,113	$201,286	$6,765
Allowance	(845,954)	--	--	(845,954)	(16,393)	(6,765)
	$72,159	$ --	$ --	$72,159	$184,893	$ --
Other	$22,109	$ --	$1,000	$23,109	$ --	$25,298
Allowance	(1,745)	--	--	(1,745)	--	--
	$20,364	$ --	$1,000	$21,364	$ --	$62,141

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	$38,810	$ --
Franchise taxes (General Fund)	151,396	--
Fines receivable (General Fund)	117,563	--
Ambulance (General Fund)	72,159	--
Delinquent property taxes receivable (Debt Service Fund)	11,787	--
Total deferred/unearned revenue for governmental funds	$391,715	$ --

The Pantego Economic Development Corporation (PEDC) component unit provides loans towards assisting businesses with improvements to the borrower's property. Notes receivable for the year ended September 30, 2017 are as follows:

$20,000 loan dated July 20, 2012, at 2% payable in equal monthly installments of $433.90 over five (5) years beginning August 1, 2013, secured by furniture, fixtures and equipment of borrower:	$6,765
$35,000 loan dated October 24, 2013, at 3% payable in equal monthly installments of $774.70 over four (4) years beginning November 1, 2014, secured by the furniture, fixtures and equipment of the borrower.	9,897
$15,000 loan dated December 13, 2013, at 3% payable in equal monthly installments of $436.22 over three (3) years beginning December 1, 2014, secured by the furniture, fixtures and equipment of the borrower.	869
$17,000 loan dated March 13, 2014, at 3% payable in equal monthly Installments of $494.38 over three (3) years beginning March 1, 2015, secured by the furniture, fixtures and equipment of the borrower.	7,654
$20,000 loan dated June 1, 2017, at 3% payable in equal monthly Installments of $442.69 over three (3) years beginning June 1, 2017, secured by the furniture, fixtures and equipment of the borrower.	18,423
Total notes receivable	43,607
Less allowance	(6,764)
Net loans receivable	$36,843

As of September 30, 2017, $19,907 of PEDC loans were past due. Management believes the past due balances are collectible.

5. Interfund Receivables, Payables and Transfers

Due from/due to other funds outstanding as of September 30, 2017, were as follows:

Receivable Fund (Due from)	Payable Fund (Due to)	Amount
General Fund	Park Row Project	$ 1,146

Inter-fund transfers are reported in the governmental activities and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	$24,242	$6,134
Nonmajor Governmental Funds		
Courthouse Security	--	20,000
Pantego Fest	1,892	--
Totals	$26,134	$26,134

Transfers are primarily used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) transfer additional funds, (4) contribute toward the cost of capital projects, and (5) other operational purposes.

6. Capital Assets

Capital asset activity for the year ended September 30, 2017:

Primary Government

	Balance 9/30/16	Additions	Retirements	Completed Construction	Balance 9/30/17
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	$211,263	$ --	$ --	$ --	$211,263
Construction in progress	24,398	--	(24,398)	--	--
	235,661	--	(24,398)	--	211,263
Capital assets, being depreciated:					
Buildings	2,085,260	--	--	--	2,085,260
Improvements other than buildings	2,229,851	67,813	--	--	2,297,664
Machinery and equipment	3,815,921	36,734	--	--	3,852,655
Infrastructure	9,428,360	37,920	--	--	9,466,280
Total capital assets being depreciated	17,559,392	142,467	--	--	17,701,859
Less accumulated depreciation for:					
Buildings and improvements	(1,175,348)	(57,339)	--	--	(1,232,687)
Improvements other than buildings	(1,774,772)	(76,933)	--	--	(1,851,705)
Machinery and equipment	(2,451,089)	(297,053)	--	--	(2,748,142)
Infrastructure	(7,324,119)	(166,584)	--	--	(7,490,703)
Total accumulated depreciation	(12,725,328)	(597,909)	--	--	(13,323,237)
Total capital assets being depreciated, net	4,834,064	(455,442)	--	--	4,378,622
Governmental activities capital assets, net	$5,069,725	($455,442)	($24,398)	$ --	$4,589,885

	Balance 9/30/16	Additions	Retirements	Completed Construction	Balance 9/30/17
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	$61,971	$ --	$ --	$ --	$61,971
Construction in progress	177,089	138,249	--	(157,090)	158,248
Total capital assets not being depreciated	239,060	138,249	--	(157,090)	220,219
Capital assets, being depreciated:					
Improvements other than buildings	5,693,077	183,274	--	157,090	6,033,441
Total capital assets being depreciated	5,693,077	183,274	--	157,090	6,033,441
Less accumulated depreciation for:					
Improvements other than buildings	(3,982,325)	(171,832)	--	--	(4,154,157)
Total accumulated depreciation	(3,982,325)	(171,832)	--	--	(4,154,157)
Capital assets being depreciated, net	1,710,752	11,442	--	--	1,879,284
Business type activities capital assets, net	$1,949,812	$149,691	$ --	$ --	$2,099,503

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$39,786
Public works	253,176
Community development	35,298
Police	139,392
Fire	120,171
Municipal court	10,086
Total depreciation expense - governmental activities	$597,909
Business-type activities:	
Water and sewer	$171,832

The Pantego Economic Development Corporation (PEDC) occasionally funds public infrastructure improvements. When the construction is completed the capital assets are contributed to the governmental or business-type activities. The following is a summary of changes in the component unit capital assets during the fiscal year ended September 30, 2017:

	Balance 9/30/16	Additions	Retirements	Completed Construction	Balance 9/30/17
COMPONENT UNIT:					
Capital assets, not being depreciated:					
Construction in progress	$63,961	$80,700	($63,961)	$ --	$80,700
Component unit capital assets, net	$63,961	$80,700	($63,961)	$ --	$80,700

Construction commitments

The Town has active construction projects as of September 30, 2017, consisting of street and sewer system improvements. The Component unit has a construction project consisting of a splash pad at Bicentennial Park.

Project	Spent to Date	Remaining Commitment
Smith Barry/Nora Sewer Project	$158,249	$15,361
Splash Pad at Bicentennial Park	$80,700	$69,057

The street and sewer improvements are being financed by operations. A portion of the splash pad is being funded by a grant from the Texas Parks and Wildlife foundation, while the remainder is being funded by operations.

8. Long-term Debt and Obligations

The Town of Pantego and the PEDC component unit have issued general obligation bonds, certificates of obligation bonds and sales tax revenue bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation refunding bonds and certificates of obligation bonds are paid by the debt service fund, the G.O. Bonds Interest and Sinking Debt Service Fund, and the sales tax revenue bonds are paid by the PEDC Debt Service Fund.

All taxes levied and collected for and on account of said bonds are pledged to the Debt Service Fund in amounts authorized by the Town Council. The ordinances authorizing the issuance of the General Obligation Refunding Bonds and the Combination Tax and Limited Pledge Revenue Certificates of Obligation require that the Town's ad valorem tax revenues be enough to generate net revenues sufficient to provide for the payment of the debt service requirements of the bonds issued. At September 30, 2017, this requirement had been met. As of September 30, 2017, the Town had no authorized but unissued bonds.

General Obligation Debt Outstanding as of September 30, 2017, is as follows:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/17
Governmental Activities					
Certificates of Obligation Bonds:					
Tax and Revenue, Series 2004	$365,000	2004	2019	3.97%	$60,000
Total Certificates of Obligation					60,000
Total Governmental Activities General Obligation Debt					$60,000

Component Unit:					
Sales Tax Revenue Bonds:					
Sales Tax Refunding, Series 2010	$1,745,000	2010	2022	4.93%	$870,000
Total Sales Tax Revenue Bonds					870,000
Total General Debt					$870,000

Annual debt service requirements to maturity for general debt:

	Governmental Activities		Component Unit		
Year	Principal	Interest	Principal	Interest	Total
2018	$30,000	$2,382	$160,000	$39,521	$231,903
2019	30,000	1,191	165,000	31,399	227,590
2020	--	--	175,000	22,955	197,955
2021	--	--	180,000	9,323	189,323
2033-2036	--	--	190,000	9,497	199,497
Total	$60,000	$3,573	$870,000	$112,695	$1,046,268

Capitalized Lease Obligations

Capital lease obligation is comprised of a lease, which terms provide for a bargain purchase options at the end of the lease period, or provides the rights of ownership during the economic useful life of the asset. The Town has several capital leases for various equipment. Capital lease obligations as of September 30, 2017, consist of the following:

$699,898 due in annual installments of $86,531.44, including interest at 4.6%, maturing in July 2019, secured by a fire truck purchased in 2010	$161,814
$429,361 due in annual installments of $91,348.13, including interest at 3.19%, maturing in April 2019, secured by public safety radio system purchased in 2014	174,143
	$335,957

Capital assets acquired through capital leases are as follows:	
Machinery and equipment	$1,129,259
Less accumulated depreciation	(537,577)
Total	$ 591,682

Capital lease obligation debt service requirements to maturity are as follows:

Year	Governmental Activities
2018	$177,879
2019	177,879
Total payments	355,758
Less imputed interest	(19,801)
Total Capital Lease Obligations	$335,957

CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2017, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/16	Additions	Retirements	Balance 9/30/17	Due Within One Year
Governmental activities:					
Certificates of obligation	$90,000	--	($30,000)	$60,000	$30,000
Capital leases	494,702	--	(158,528)	336,174	164,876
Net pension liability	2,656,418	32,694	--	2,689,112	--
Compensated absences	148,476	42,838	--	191,314	191,314
Governmental activity Long-Term Liabilities	$3,389,596	$75,532	($188,528)	$3,276,600	$386,190
Business-type activities:					
Net pension liability	$316,297	$2,502	$ --	$318,799	$ --
Total business activities Long-Term Debt	$316,297	$2,502	$ --	$318,799	$ --
Component Unit:					
Sales tax revenue bonds	$1,015,000	--	($145,000)	$870,000	$160,000
Total component unit Long-Term Debt	$1,015,000	$747,696	($145,000)	$870,000	$160,000

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

Authorized and Unissued Debt

The Town has no authorized but unissued debt at September 30, 2017.

Arbitrage payable - The Tax Reform Act of 1986 requires that the excess interest earned on tax exempt bond proceeds over interest cost must be remitted to the federal government. The arbitrage liability is payable to the federal government every five years; however, the Town calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund financial statements, as applicable, on the accrual basis of accounting. At September 30, 2017, the Town had no arbitrage liability.

9. Sewer Contracts

The Town has contracts with the City of Fort Worth and City of Arlington for the treatment of wastewater. The contracts require the Town to pay varying amounts based on the costs associated with the wastewater treated. Charges for wastewater treatment during fiscal year 2017 were $242,278 for Fort Worth and $86,247 for Arlington.

10. Risk management

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost `that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial

companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

11. Contingent Liabilities and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

12. Retirement Commitments

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	92
Active employees	42
	179

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 16.70% and 18.63% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were $467,629 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2015 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time(conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30,2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.55%
International equities	17.50%	6.10%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	4.15%
Real return	10.00%	4.15%
Real estate	10.00%	4.75%
Absolute return	10.00%	4.00%
Private equity	5.00%	7.75%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [c]
Balance at 12/31/15	$14,680,874	$11,708,159	$2,972,715
Changes for the year:			
Service cost	421,798	--	421,798
Interest	980,866	--	980,866
Change of benefit terms	--	--	--
Difference between expected and actual experience	(104,215)	--	(104,215)
Changes of assumptions	--	--	--
Contributions - employer	--	388,070	(388,070)
Contributions - employees	--	163,941	(163,941)
Net investment income	--	791,051	(791,051)
Benefit payments including refunds of employee contributions	(720,846)	(720,846)	--
Amortization of prior year assets	--	--	--
Administrative expense	--	(8,936)	8,936
Other changes	--	(481)	481
Net changes	577,603	612,799	(35,196)
Balance at 12/31/16	$15,258,477	$12,320,958	$2,937,519

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	$17,507,159	$15,258,477	$13,445,672
Plan Fiduciary Net Position	12,320,958	12,320,958	12,320,958
Net Pension Liability/(Asset)	$5,186,201	$2,937,519	$1,124,714

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $661,527 . At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/16 Expense	Balance of Deferred (Inflows) 12/31/16	Date of Deferred (Inflows)/Outflows 12/31/2016
Due to liabilities:						
Difference in expected and actual experience						
(actuarial (gains) or losses)	($104,215)	12/31/16	2.3400	($44,536)	($59,679)	$ --
	(35,160)	12/31/15	1.5900	(22,114)	(13,046)	--
	(22,300)	12/31/14	1.0000	(22,300)	--	--
Difference in assumption changes						
(actuarial (gains) or losses)	155,262	12/31/2015	1.5900	97,649	--	57,613
				8,699	(72,725)	57,613
Due to assets:						
Difference in projected and actual earnings on						
pension plan reserves (actuarial (gains)/losses)	(750)	12/31/16	5.0000	(150)	(600)	--
	661,223	12/31/15	4.0000	165,306	--	495,917
	89,501	12/31/14	3.0000	29,833	--	59,668
Employer contributions made subsequent to						
measurement date						373,580
				194,989	(600)	929,165
				$203,688	($73,325)	$986,778

$373,580, reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

Year ended December 31,	
2017	$195,020
2018	179,848
2019	165,155
2020	(150)
2021	--
	$539,873

13. Other Postemployment Benefits

Supplemental Death Benefits Fund (SDBF)

The Town also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12- month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were $3,568, $2,853, and $2,717, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates,

(Retiree-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2015	0.13%	0.13%	100%
2016	0.13%	0.13%	100%
2017	0.14%	0.14%	100%

14. Reclassifications

Certain prior year amounts have been reclassified to conform to current year classifications.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

TOWN OF PANTEGO, TEXAS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Taxes:				
Property	$ 1,146,737	$ 1,146,737	$ 1,122,128	$ (24,609)
Sales	1,660,528	1,660,528	1,608,733	(51,795)
Franchise	342,415	342,415	325,907	(16,508)
Fines and forfeitures	785,485	785,485	612,789	(172,696)
Licenses and Permits	81,975	81,975	71,937	(10,038)
Ambulance service	120,000	120,000	148,648	28,648
Intergovernmental	1,100	1,100	25,800	24,700
Charges for services	11,250	11,250	10,145	(1,105)
Contributions and Donations	--	--	5,765	5,765
Investment Earnings	6,680	6,680	24,032	17,352
Miscellaneous	14,920	14,920	35,806	20,886
Total revenues	4,171,090	4,171,090	3,991,690	(179,400)
Expenditures:				
General and administrative	715,522	538,557	498,044	40,513
Public works	257,857	257,857	241,931	15,926
Community development	168,614	168,614	146,978	21,636
Police	1,540,200	1,540,200	1,399,001	141,199
Fire	1,283,656	1,283,656	1,301,849	(18,193)
Municipal Court	393,331	393,331	383,498	9,833
Other	12,000	12,000	11,242	758
Capital outlay	79,791	79,791	83,816	(4,025)
Total Expenditures	4,450,971	4,274,006	4,066,359	207,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(279,881)	(102,916)	(74,669)	28,247
Other Financing Sources (Uses):				
Transfers In	36,242	36,242	24,242	(12,000)
Transfers Out	(4,242)	(4,242)	(6,134)	1,892
Sale of Capital Assets	--	--	4,455	(4,455)
Total Other Financing Sources (Uses)	32,000	32,000	22,563	(9,437)
Net Change in Fund Balances	(247,881)	(70,916)	(52,106)	18,810
Fund Balances - Beginning	2,624,524	2,624,524	2,624,524	--
Fund Balances - Ending	$ 2,376,643	$ 2,553,608	$ 2,572,418	$ 18,810

EXHIBIT B-2

TOWN OF PANTEGO, TEXAS

SCHEDULE OF CHANGES IN THE TOWN'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

	December 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability:										
Service cost	$ 421,798	$ 362,190	$ 294,270	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Interest	980,866	963,211	935,669	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(104,215)	(57,274)	(103,022)	--	--	--	--	--	--	--
Changes of assumptions	--	252,911	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(720,846)	(838,452)	(696,398)	--	--	--	--	--	--	--
Net change in total pension liability	577,603	682,586	430,519	--	--	--	--	--	--	--
Total pension liability - beginning	14,680,874	13,998,288	13,567,769	--	--	--	--	--	--	--
Total pension liability - ending (a)	$ 15,258,477	$ 14,680,874	$ 13,998,288	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Plan fiduciary net position:										
Contributions - employer	$ 388,070	$ 329,956	$ 301,148	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Contributions - employee	163,941	148,438	144,634	--	--	--	--	--	--	--
Net investment income	791,051	17,797	666,569	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(720,846)	(838,452)	(696,398)	--	--	--	--	--	--	--
Administrative expense	(8,936)	(10,841)	(6,960)	--	--	--	--	--	--	--
Other	(481)	(535)	(572)	--	--	--	--	--	--	--
Net change in plan fiduciary net position	612,799	(353,637)	408,421	--	--	--	--	--	--	--
Plan fiduciary net position - beginning	11,708,159	12,061,796	11,653,375	--	--	--	--	--	--	--
Plan fiduciary net position - ending (b)	$ 12,320,958	$ 11,708,159	$ 12,061,796	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Town's net pension liability - ending (a) - (b)	$ 2,937,519	$ 2,972,715	$ 1,936,492	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Plan fiduciary net position as a percentage of the total pension liability	80.75%	86.17%	86.17%	--	--	--	--	--	--	--
Covered-employee payroll	$ 2,342,020	$ 2,066,197	$ 2,066,197	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Town's net pension liability as a percentage of covered-employee payroll	125.43%	93.72%	93.72%	--	--	--	--	--	--	--

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

TOWN OF PANTEGO, TEXAS

SCHEDULE OF TOWN CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 470,394	$ 364,980	$ 338,187	$ 310,220	$ --	$ --	$ --	$ --	$ --	$ --
Contributions in relation to the actuarially determined contribution	(470,394)	(364,980)	(338,187)	(310,220)	--	--	--	--	--	--
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Covered-employee payroll	$ 2,232,633	$ 2,215,684	$ 2,034,826	$ 2,034,826	$ --	$ --	$ --	$ --	$ --	$ --
Contributions as a percentage of covered-employee payroll	21.07%	16.47%	16.62%	15.25%	--	--	--	--	--	--

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, and becomes effective in January. thirteen months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal.
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10-years smoothed market
Corridor	15 % soft
Inflation	2.5%
Salary increases	2.6%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	In the 20X7 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience. In the 20X4 actuarial valuation, expected retirement ages of public safety employees were adjusted to more closely reflect actual experience.
Mortality	In the 20X1 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Combining Statements and Budget Comparisons
as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

Municipal Court Building Security Fund – This fund is used to account for the Town's share of fines to be used to enhance building security for municipal court.

Municipal Court Technology Fund – This fund accounts for the Town's share of fines to be used for improvements to municipal court technology.

Pantego Fest Fund – This fund is used to account for revenues, donations and expenditures related to PantegoFest.

Shamburger Fund – This fund is used to account the care and feeding of stray animals found and rescued within the Town of Pantego.

Cartwright Library Fund – This fund is used for the maintenance and development of the town's website.

The Debt Service Fund is used to account for the accumulation of resources such as property tax revenue, to be used for general obligation bond principal and interest payments, except for those certificates of obligation serviced by the Enterprise Fund.

The Capital Projects/Equipment Replacement Fund accounts for resources used for the acquisition or construction of general major capital facilities and equipment for various governmental departments of the Town other than those financed by enterprise funds.

TOWN OF PANTEGO, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

ASSETS:	Special Revenue Funds	Debt Service Fund	Capital Projects Fund Equipment Replacement Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
Assets:				
Cash and Cash Equivalents	$ 182,301	$ 69,582	$ 25,162	$ 277,045
Receivables, net:				
Property tax	--	11,787	--	11,787
Other	1,000	--	--	1,000
Total Assets	$ 183,301	$ 81,369	$ 25,162	$ 289,832
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Other liabilities	$ 5,455	$ --	$ --	$ 5,455
Total Liabilities:	5,455	--	--	5,455
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	--	11,787	--	11,787
Total Deferred Inflows of Resources	--	11,787	--	11,787
FUND BALANCES				
Nonspendable:				
Restricted:				
Debt service	--	69,582	--	69,582
Municipal court	92,129	--	--	92,129
Animal control services	75,172	--	--	75,172
Other purposes	10,545	--	--	10,545
Committed				
Equipment replacement	--	--	25,162	25,162
Total fund balances	177,846	69,582	25,162	272,590
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 183,301	$ 81,369	$ 25,162	$ 289,832

TOWN OF PANTEGO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund: Equipment Replacement Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:				
Taxes:				
Property	$ --	$ 177	$ --	$ 177
Fines and forfeitures	23,611	--	--	23,611
Investment Earnings	1,694	280	209	2,183
Total revenues	25,305	457	209	25,971
Expenditures:				
Other	16,145	--	--	16,145
Capital outlay	13,353	--	--	13,353
Debt Service:				
Principal	--	30,000	--	30,000
Interest and Fiscal Charges	--	3,576	--	3,576
Total Expenditures	29,498	33,576	--	63,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,193)	(33,119)	209	(37,103)
Other Financing Sources (Uses):				
Transfers In	1,892	--	--	1,892
Transfers Out	(20,000)	--	--	(20,000)
Total Other Financing Sources (Uses)	(18,108)	--	--	(18,108)
Net Change in Fund Balances	(22,301)	(33,119)	209	(55,211)
Fund Balances - Beginning	200,147	102,701	24,953	327,801
Fund Balances - Ending	$ 177,846	$ 69,582	$ 25,162	$ 272,590

TOWN OF PANTEGO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2017

	Court House Security Fund	Court Technology
ASSETS		
Assets:		
Cash and Cash Equivalents	$ 7,045	$ 90,539
Receivables, net:		
Other	--	--
Total Assets	$ 7,045	$ 90,539
LIABILITIES AND FUND BALANCES		
Liabilities:		
Other liabilities	$ --	$ 5,455
Total Liabilities:	--	5,455
FUND BALANCES		
Restricted:		
Municipal court	7,045	85,084
Animal control services	--	--
Other purposes	--	--
Total fund balances	7,045	85,084
Total Liabilities and Fund Balances	$ 7,045	$ 90,539

Pantego Fest	Shamburger	Cartwright Library	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ --	$ 75,172	$ 9,545	$ 182,301
1,000	--	--	1,000
$ 1,000	$ 75,172	$ 9,545	$ 183,301
$ --	$ --	$ --	$ 5,455
--	--	--	5,455
--	--	--	92,129
--	75,172	--	75,172
1,000	--	9,545	10,545
1,000	75,172	9,545	177,846
$ 1,000	$ 75,172	$ 9,545	$ 183,301

TOWN OF PANTEGO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Court House Security Fund	Court Technology
Revenue:		
Miscellaneous	$ 10,231	$ 14,234
Total revenues	10,231	14,234
Expenditures:		
Municipal Court	--	13,353
Other	--	--
Total Expenditures	--	13,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,231	881
Other Financing Sources (Uses):		
Transfers In	--	--
Transfers Out	(20,000)	--
Total Other Financing Sources (Uses)	(20,000)	--
Net Change in Fund Balances	(9,769)	881
Fund Balances - Beginning	16,814	84,203
Fund Balances - Ending	$ 7,045	$ 85,084

Pantego Fest	Shamburger	Cartwright Library	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
$ --	$ 719	$ 121	$ 25,305
--	719	121	25,305
--	--	--	13,353
5,115	3,180	7,850	16,145
5,115	3,180	7,850	29,498
(5,115)	(2,461)	(7,729)	(4,193)
1,892	--	--	1,892
--	--	--	(20,000)
1,892	--	--	(18,108)
(3,223)	(2,461)	(7,729)	(22,301)
4,223	77,633	17,274	200,147
$ 1,000	$ 75,172	$ 9,545	$ 177,846

TOWN OF PANTEGO, TEXAS **EXHIBIT C-5**

COURT HOUSE SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Fines and forfeitures	$ 12,000	$ 10,146	$ (1,854)
Investment Earnings	50	85	35
Total revenues	12,050	10,231	(1,819)
Other Financing Sources (Uses):			
Transfers Out	(20,000)	(20,000)	--
Total Other Financing Sources (Uses)	(20,000)	(20,000)	--
Net Change in Fund Balances	(7,950)	(9,769)	(1,819)
Fund Balances - Beginning	16,814	16,814	--
Fund Balances - Ending	$ 8,864	$ 7,045	$ (1,819)

TOWN OF PANTEGO, TEXAS **EXHIBIT C-6**

COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Fines and forfeitures	$ 16,000	$ 13,465	$ (2,535)
Investment Earnings	200	769	569
Total revenues	16,200	14,234	(1,966)
Expenditures:			
Capital outlay			
Municipal Court	14,794	13,353	1,441
Total Expenditures	14,794	13,353	1,441
Net Change in Fund Balances	1,406	881	(525)
Fund Balances - Beginning	84,203	84,203	--
Fund Balances - Ending	$ 85,609	$ 85,084	$ (525)

TOWN OF PANTEGO, TEXAS
PANTEGO FEST
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	$ 23,500	$ --	$ (23,500)
Contributions and Donations	50,000	--	(50,000)
Investment Earnings	25	--	(25)
Total revenues	73,525	--	(73,525)
Expenditures:			
Current:			
Other	70,000	5,115	64,885
Total Expenditures	70,000	5,115	64,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,525	(5,115)	(8,640)
Other Financing Sources (Uses):			
Transfers In	--	1,892	1,892
Total Other Financing Sources (Uses)	--	1,892	1,892
Net Change in Fund Balances	3,525	(3,223)	(6,748)
Fund Balances - Beginning	4,223	4,223	--
Fund Balances - Ending	$ 7,748	$ 1,000	$ (6,748)

TOWN OF PANTEGO, TEXAS
SHAMBURGER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment Earnings	$ 100	$ 719	$ 619
Total revenues	100	719	619
Expenditures:			
Current:			
Other	3,000	3,180	(180)
Total Expenditures	3,000	3,180	(180)
Net Change in Fund Balances	(2,900)	(2,461)	439
Fund Balances - Beginning	77,633	77,633	--
Fund Balances - Ending	$ 74,733	$ 75,172	$ 439

TOWN OF PANTEGO, TEXAS **EXHIBIT C-9**

CARTWRIGHT LIBRARY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment Earnings	$ 50	$ 121	$ 71
Total revenues	50	121	71
Expenditures:			
Current:			
Other	4,000	7,850	(3,850)
Total Expenditures	4,000	7,850	(3,850)
Net Change in Fund Balances	(3,950)	(7,729)	(3,779)
Fund Balances - Beginning	17,274	17,274	--
Fund Balances - Ending	$ 13,324	$ 9,545	$ (3,779)

TOWN OF PANTEGO, TEXAS **EXHIBIT C-10**

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
Property	$ 1,600	$ 177	$ (1,423)
Investment Earnings	250	280	30
Total revenues	1,850	457	(1,393)
Expenditures:			
Debt Service:			
Principal	30,000	30,000	--
Interest and Fiscal Charges	3,573	3,576	(3)
Total Expenditures	33,573	33,576	(3)
Net Change in Fund Balances	(31,723)	(33,119)	(1,396)
Fund Balances - Beginning	102,701	102,701	--
Fund Balances - Ending	$ 70,978	$ 69,582	$ (1,396)

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PANTEGO ECONOMIC DEVELOPMENT CORPORATION FUNDS

PEDC

The Pantego Economic Development Corporation (PEDC) is a discretely presented component unit of the Town, therefore, the PEDC's annual financial statements and annual operating budget are presented separately.

PEDC was founded in 1993, following an election to assess a ½ cent sales and use tax. Funds administered by PEDC are restricted funds and can only be used for those projects which are either directly or indirectly attributable to economic development within the Town.

The PEDC's financial activities are reported in the following funds:

PEDC Sales Tax Revenue Fund – This fund is used to account for ½ cent sales and use tax.

PEDC Operating Fund – This fund is used to account for operations and activities directed towards economic development financed with sales tax revenue.

PEDC Debt Service Fund – This fund is used to account for accumulation of sales tax revenue to pay principal and interest due on PEDC debt.

TOWN OF PANTEGO, TEXAS

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	PEDC Debt Service	PEDC Operating	PEDC Sales Tax Revenue	Total Governmental Funds
ASSETS:				
Assets:				
Cash and Cash Equivalents	$ 176,320	$ 660,509	$ --	$ 836,829
Receivables, net:				
Sales tax	--	--	110,568	110,568
Other	25,298	--	--	25,298
Loans receivable	--	36,843	--	36,843
Inventory	--	6,971	--	6,971
Total Assets	$ 201,618	$ 704,323	$ 110,568	$ 1,016,509
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ --	$ 35,820	$ --	$ 35,820
Due to primary government	--	793	--	793
Total Liabilities:	--	36,613	--	36,613
FUND BALANCES				
Nonspendable:		6,971		
Restricted:				
Debt service	201,618	--	--	201,618
Economic development	--	660,739	110,568	778,278
Total fund balances	201,618	667,710	110,568	979,896
Total Liabilities and fund balances	$ 201,618	$ 704,323	$ 110,568	$ 1,016,509

TOWN OF PANTEGO, TEXAS

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds balance sheet	$	979,896
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		80,700
Payables for bond principal which are not due in the current period are not reported in the funds.		(870,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(5,480)
Net position of governmental activities - Statement of Net Position	$	185,116

TOWN OF PANTEGO, TEXAS

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	PEDC Debt Service	PEDC Operating	PEDC Sales Tax Revenue	Total Governmental Funds
Revenue:				
Taxes:				
Sales	$ 191,991	$ --	$ 446,630	$ 638,621
Investment Earnings	224	4,778	--	5,002
Miscellaneous	--	7,548	--	7,548
Total revenues	192,215	12,326	446,630	651,171
Expenditures:				
General and administrative	--	410,963	--	410,963
Debt Service:				
Principal	145,000	--	--	145,000
Interest and Fiscal Charges	47,041	--	--	47,041
Total Expenditures	192,041	410,963	--	603,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	174	(398,637)	446,630	48,167
Other Financing Sources (Uses):				
Transfers In	--	445,497	--	445,497
Transfers Out	--	--	(445,497)	(445,497)
Total Other Financing Sources (Uses)	--	445,497	(445,497)	--
Net Change in Fund Balances	174	46,860	1,133	48,167
Fund Balances - Beginning	201,444	620,850	109,435	931,729
Fund Balances - Ending	$ 201,618	$ 667,710	$ 110,568	$ 979,896

TOWN OF PANTEGO, TEXAS

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds	$	48,167
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		80,698
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.		(63,961)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		145,000
(Increase) decrease in accrued interest from beginning of period to end of period.		914
Change in net position of governmental activities - Statement of Activities	$	210,818

TOWN OF PANTEGO, TEXAS **EXHIBIT C-15**

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
PEDC DEBT SERVICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes:			
Sales	$ 191,991	$ 191,991	$ --
Investment Earnings	150	224	74
Total revenues	192,141	192,215	74
Expenditures:			
Debt Service:			
Principal	145,000	145,000	--
Interest and Fiscal Charges	47,141	47,041	100
Total Expenditures	192,141	192,041	100
Net Change in Fund Balances	--	174	174
Fund Balances - Beginning	201,444	201,444	--
Fund Balances - Ending	$ 201,444	$ 201,618	$ 174

TOWN OF PANTEGO, TEXAS **EXHIBIT C-16**

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
PEDC OPERATING
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes:			
Investment Earnings	$ 2,500	$ 4,778	$ 2,278
Miscellaneous	--	7,548	7,548
Total revenues	2,500	12,326	9,826
Expenditures:			
General and administrative	396,351	410,963	(14,612)
Total Expenditures	396,351	410,963	(14,612)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(393,851)	(398,637)	(4,786)
Other Financing Sources (Uses):			
Transfers In	374,509	445,497	70,988
Total Other Financing Sources (Uses)	374,509	445,497	70,988
Net Change in Fund Balances	(19,342)	46,860	66,202
Fund Balances - Beginning	620,850	620,850	--
Fund Balances - Ending	$ 601,508	$ 667,710	$ 66,202

TOWN OF PANTEGO, TEXAS **EXHIBIT C-17**

PANTEGO ECONOMIC DEVELOPMENT CORPORATION
PEDC SALES TAX REVENUE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes:			
Sales	$ 374,509	$ 446,630	$ 72,121
Total revenues	374,509	446,630	72,121
Other Financing Sources (Uses):			
Transfers Out	(374,509)	(445,497)	(70,988)
Total Other Financing Sources (Uses)	(374,509)	(445,497)	(70,988)
Net Change in Fund Balances	--	1,133	1,133
Fund Balances - Beginning	109,435	109,435	--
Fund Balances - Ending	$ 109,435	$ 110,568	$ 1,133

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

TOWN OF PANTEGO, TEXAS

AGGREGATE SCHEDULE OF NET POSITION
WATER AND SEWER FUND
SEPTEMBER 30, 2017

	Water and Sewer Operating	Water Infrastructure Fund	WW Construction Fund	Total Water and Sewer Fund
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	$ 124,396	$ 691,449	$ 15,378	$ 831,223
Receivables (net of allowances for uncollectibles):				
Accounts	142,767	42,126	--	184,893
Other	6,353	--	--	6,353
Inventories	19,859	--	--	19,859
Restricted assets				
Cash and Cash Equivalents	116,315	--	--	116,315
Total Current Assets	409,690	733,575	15,378	1,158,643
Noncurrent Assets:				
Land	61,971	--	--	61,971
Construction in Progress	158,248	--	--	158,248
Improvements Other Than Buildings	6,033,441	--	--	6,033,441
Less Accumulated Depreciation	(4,154,157)	--	--	(4,154,157)
Total Noncurrent Assets	2,099,503	--	--	2,099,503
Total Assets	2,509,193	733,575	15,378	3,258,146
DEFERRED OUTFLOWS OF RESOURCES:				
Employee pensions	112,324	--	--	112,324
Total Outflows of Resources	112,324	--	--	112,324
LIABILITIES:				
Current Liabilities:				
Accounts payable	22,115	93,051	--	115,166
Current Liabilities Payable from Restricted Assets-				
Customer Deposits	116,315	--	--	116,315
Total Current Liabilities	138,430	93,051	--	231,481
Noncurrent Liabilities:				
Net Pension Obligation	318,799	--	--	318,799
Total Noncurrent Liabilities	318,799	--	--	318,799
Total Liabilities	457,229	93,051	--	550,280
DEFERRED INFLOWS OF RESOURCES:				
Employee pensions	7,242	--	--	7,242
Total Inflows of Resources	7,242	--	--	7,242
NET POSITION:				
Net Investment in Capital Assets	2,099,503	--	--	2,099,503
Unrestricted	57,543	640,524	15,378	713,445
Total Net Position	$ 2,157,046	$ 640,524	$ 15,378	$ 2,812,948

TOWN OF PANTEGO, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Water Infrastructure Fund	Nonmajor Enterprise Fund WW Construction Fund	Total Enterprise Funds
OPERATING REVENUES:				
Charges for Sales and Services:				
Water sales	$ 460,207	$ --	$ --	$ 460,207
Sewer charges	379,583	--	--	379,583
Groundwater conservation fees	38,116	--	--	38,116
Infrastructure improvement fees	--	291,497	--	291,497
Late payment charges	9,829	3,426	--	13,255
Miscellaneous	9,386	--	--	9,386
Total Operating Revenues	897,121	294,923	--	1,192,044
OPERATING EXPENSES:				
Personnel	434,853	--	--	434,853
Utilities	134,144	--	--	134,144
Maintenance and repairs	71,658	24,653	852	97,163
Franchise fees	47,727	--	--	47,727
Other	38,061	--	--	38,061
Sewage treatment - other governments	328,525	--	--	328,525
Depreciation	171,831	--	--	171,831
Total Operating Expenses	1,226,799	24,653	852	1,252,304
Operating Income	(329,678)	270,270	(852)	(60,260)
NON-OPERATING REVENUES (EXPENSES):				
Investment earnings	2,461	4,252	531	7,244
Other income	622	--	--	622
Total Non-operating Revenues (Expenses)	3,083	4,252	531	7,866
Income before Transfers	(326,595)	274,522	(321)	(52,394)
Transfers In	205,902	--	--	205,902
Transfers Out	--	(93,051)	(112,851)	(205,902)
Change in Net Position	(120,693)	181,471	(113,172)	(52,394)
Total Net Position - Beginning	2,277,739	459,053	128,550	2,865,342
Total Net Position - Ending	$ 2,157,046	$ 640,524	$ 15,378	$ 2,812,948

The accompanying notes are an integral part of this statement.

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STATISTICAL SECTION

This part of the Town of Pantego, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents **Page**

Financial Trends 96

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity 104

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

Debt Capacity 111

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 114

These schedules offer demographic and economic indicators to help the reader understand how the Town's financial activities take place and to help make comparisons over time and with other governments.

Operating Information 116

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF PANTEGO, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2008	2009	2010	2011	2012
Governmental Activities					
Net Investment in Capital assets	$ 2,713,108	$ 2,771,088	$ 2,910,100	$ 2,781,910	$ 2,874,937
Restricted	484,638	487,099	262,987	1,974,246	2,051,618
Unrestricted	5,011,007	4,760,101	4,385,715	2,351,040	2,073,165
Total Governmental Activities Net Position	$ 8,208,753	$ 8,018,288	$ 7,558,802	$ 7,107,196	$ 6,999,720
Business-type Activities					
Net Investment in Capital assets	$ 1,038,102	$ 1,013,638	$ 949,834	$ 939,879	$ 1,146,278
Restricted	--	--	--	--	--
Unrestricted	863,332	930,290	851,758	1,293,767	1,353,752
Total Business-type Activities Net Position	$ 1,901,434	$ 1,943,928	$ 1,801,592	$ 2,233,646	$ 2,500,030
Primary Government					
Net Investment in Capital assets	$ 3,751,210	$ 3,784,726	$ 3,859,934	$ 3,721,789	$ 4,021,215
Restricted	484,638	487,099	262,987	1,974,246	2,051,618
Unrestricted	5,874,339	5,690,391	5,237,473	3,644,807	3,426,917
Total Primary Government Net Position	$ 10,110,187	$ 9,962,216	$ 9,360,394	$ 9,340,842	$ 9,499,750

2013	2014	2015	2016	2017
$ 4,518,024	$ 4,109,091	$ 4,411,384	$ 4,485,022	$ 4,193,710
1,973,526	2,601,335	2,393,547	2,125,490	2,053,638
1,868,043	2,584,872	1,194,431	1,279,011	1,053,211
$ 8,359,593	$ 9,295,298	$ 7,999,362	$ 7,889,523	$ 7,300,559
$ 996,800	$ 898,886	$ 1,758,984	$ 1,949,812	$ 2,099,503
--	--	--	--	--
1,726,509	1,378,378	1,155,420	915,531	713,445
$ 2,723,309	$ 2,277,264	$ 2,914,404	$ 2,865,343	$ 2,812,948
$ 5,514,824	$ 5,007,977	$ 6,170,368	$ 6,434,834	$ 6,293,213
1,973,526	2,601,335	2,393,547	2,125,490	2,053,638
3,594,552	3,963,250	2,349,851	2,194,542	1,766,656
$ 11,082,902	$ 11,572,562	$ 10,913,766	$ 10,754,866	$ 10,113,507

TOWN OF PANTEGO, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General and administrative	$ 791,534	$ 874,011	$ 764,570	$ 661,453	$ 693,811
Public works	484,067	491,704	529,120	513,486	546,033
Community development	--	--	--	--	--
Police	1,123,143	1,270,901	1,371,184	1,387,954	1,296,885
Fire	1,047,045	1,089,882	1,167,319	1,057,114	1,104,320
Municipal court	209,525	240,134	268,789	312,826	326,926
Other	414,938	461,177	438,665	233,610	328,025
Interest on Long-Term Debt	175,397	186,500	149,005	144,489	141,009
Total Governmental Activities Expenses	$ 4,245,649	$ 4,614,309	$ 4,688,652	$ 4,310,932	$ 4,437,009
Business-type Activities					
Water and wastewater	1,006,654	854,591	1,033,595	914,384	890,868
Total Business-type Activities Expenses	1,006,654	854,591	1,033,595	914,384	890,868
Total Primary Government Expenses	$ 5,252,303	$ 5,468,900	$ 5,722,247	$ 5,225,316	$ 5,327,877
Program Revenues					
Governmental Activities:					
Charges for Services:					
General and administrative	$ 71,547	$ 77,161	$ 100,744	$ 78,409	$ 80,444
Public works	--	--	--	--	--
Community development	--	--	--	--	--
Police	463,462	547,336	708,500	742,385	809,480
Fire	148,400	142,484	127,144	166,852	65,770
Municipal court	23,516	30,749	36,990	31,878	40,284
Other	--				2,230
Operating Grants and Contributions	8,376	12,681	180,419	39,813	31,613
Capital Grants and Contributions	--	--	--	--	--
Total Governmental Activities Program Revenues	$ 715,301	$ 810,411	$ 1,153,797	$ 1,059,337	$ 1,029,821
Business-type Activities:					
Charges for Services:					
Water and Wastewater	$ 835,380	$ 887,421	$ 891,425	$ 1,072,886	$ 1,151,062
Operating Grants and Contributions	--	--	--	--	--
Capital Grants and Contributions	--	--	--	--	--
Total Business-type Activities Program Revenues	835,380	887,421	891,425	1,072,886	1,151,062
Total Primary Government Program Revenues	$ 1,550,681	$ 1,697,832	$ 2,045,222	$ 2,132,223	$ 2,180,883
Net (Expense)/Revenue					
Governmental Activities	$ (3,530,348)	$ (3,803,898)	$ (3,534,855)	$ (3,251,595)	$ (3,407,188)
Business-type Activities	(171,274)	32,830	(142,170)	158,502	260,194
Total Primary Government Net Expense	$ (3,701,622)	$ (3,771,068)	$ (3,677,025)	$ (3,093,093)	$ (3,146,994)

TABLE D-2

2013	2014	2015	2016	2017
$ 605,615	$ 629,296	$ 554,904	$ 506,739	$ 589,280
716,928	694,444	672,640	895,132	658,630
--	--	112,189	139,358	199,548
1,194,325	1,176,704	1,243,279	1,382,204	1,580,347
1,102,614	1,063,922	1,141,976	1,247,185	1,432,930
343,778	385,411	369,205	372,869	416,187
154,960	186,349	138,389	136,147	27,387
38,596	38,628	30,149	28,057	(1,876)
$ 4,156,816	$ 4,174,754	$ 4,262,731	$ 4,707,691	$ 4,902,433
996,184	1,067,519	1,109,880	1,287,745	1,252,304
996,184	1,067,519	1,109,880	1,287,745	1,252,304
$ 5,153,000	$ 5,242,273	$ 5,372,611	$ 5,995,436	$ 6,154,737
$ 193,694	$ 114,103	$ 115,389	$ 122,887	$ --
--	77,419	--	--	--
--	--	100,212	89,417	77,457
939,283	882,288	857,936	693,865	547,499
99,515	145,965	150,571	122,030	187,824
50,155	112,060	52,100	41,774	23,611
2,770	15,295	18,805	20,648	
58,715	32,271	21,850	53,649	11,342
95,862	--	306,234	--	7,378
$ 1,439,994	$ 1,379,401	$ 1,623,097	$ 1,144,270	$ 855,111
$ 1,218,637	$ 1,177,852	$ 1,223,699	$ 1,236,588	$ 1,192,044
--	--	--	--	--
--	--	60,097	60,097	--
1,218,637	1,177,852	1,283,796	1,296,685	1,192,044
$ 2,658,631	$ 2,557,253	$ 2,906,893	$ 2,440,955	$ 2,047,155
$ (2,716,822)	$ (2,795,353)	$ (2,639,634)	$ (3,563,421)	$ (4,047,322)
222,453	110,333	173,916	8,940	(60,260)
$ (2,494,369)	$ (2,685,020)	$ (2,465,718)	$ (3,554,481)	$ (4,107,582)

TOWN OF PANTEGO, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2008	2009	2010	2011	2012
Net (Expense)/Revenue					
Governmental Activities	$ (3,530,348)	$ (3,803,898)	$ (3,534,855)	$ (3,251,595)	$ (3,407,188)
Business-type Activities	(171,274)	32,830	(142,170)	158,502	260,194
Total Primary Government Net Expense	$ (3,701,622)	$ (3,771,068)	$ (3,677,025)	$ (3,093,093)	$ (3,146,994)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property	$ 905,863	$ 953,351	$ 973,185	$ 922,272	$ 993,101
Sales and use tax	2,352,541	2,104,317	1,734,889	1,761,271	1,749,558
Franchise	315,740	318,034	304,706	309,633	494,345
Investment Earnings	168,780	46,024	10,557	6,660	7,373
Other revenue	111,803	76,969	32,266	33,912	60,879
Gain on retirement of capital assets	--	--	--	--	--
Change in net position of component unit	--	--	--	--	--
Transfers in (out)	(228,200)	18,520	19,766	(233,759)	(5,544)
Total Governmental activities	$ 3,626,527	$ 3,517,215	$ 3,075,369	$ 2,799,989	$ 3,299,712
Business-type Activities:					
Investment income	18,569	5,473	1,432	200	646
Miscellaneous	264,744	22,711	18,168	39,593	--
Transfers in (out)	228,200	(18,520)	(19,766)	233,759	5,544
Total Business-type Activities	511,513	9,664	(166)	273,552	6,190
Total Primary Government	$ 4,138,040	$ 3,526,879	$ 3,075,203	$ 3,073,541	$ 3,305,902
Change in Net Position					
Governmental Activities	$ 96,179	$ (286,683)	$ (459,486)	$ (451,606)	$ (107,476)
Business-type Activities	340,239	42,494	(142,336)	432,054	266,384
Total Primary Government	$ 436,418	$ (244,189)	$ (601,822)	$ (19,552)	$ 158,908

TABLE D-3

2013	2014	2015	2016	2017
$ (2,716,822)	$ (2,795,353)	$ (2,639,634)	$ (3,563,421)	$ (4,047,322)
222,453	110,333	173,916	(51,157)	(60,260)
$ (2,494,369)	$ (2,685,020)	$ (2,465,718)	$ (3,614,578)	$ (4,107,582)
$ 1,016,196	$ 1,026,470	$ 1,035,238	$ 1,056,398	$ 1,126,456
1,640,680	1,708,772	1,814,089	1,974,220	1,927,619
301,675	342,799	315,694	334,925	331,537
6,991	3,140	6,036	14,237	42,736
32,431	24,148	15,375	73,802	30,011
--	68,733	13,212	--	--
--	--	--	--	--
--	557,000	(605,606)	--	--
$ 2,997,973	$ 3,731,062	$ 2,594,038	$ 3,453,582	$ 3,458,359
826	622	1,270	2,096	7,244
--	--	--	--	622
--	(557,000)	605,606	--	
826	(556,378)	606,876	2,096	7,866
$ 2,998,799	$ 3,174,684	$ 3,200,914	$ 3,455,678	$ 3,466,225
$ 281,151	$ 935,709	$ (45,596)	$ (109,839)	$ (588,963)
223,279	(446,045)	780,792	(49,061)	(52,394)
$ 504,430	$ 489,664	$ 735,196	$ (158,900)	$ (641,357)

TABLE D-4

TOWN OF PANTEGO, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Unreserved	2,041,816	2,172,794	2,057,277	--	--	--	--	--	--	--
Nonspendable	--	--	--	1,155	--	--	16,272	32,085	2,883	3,344
Restricted:										
Other purposes	--	--	--	--	4,054	5,910	11,533	18,685	38,622	--
Committed for:										
Debt service	--	--	--	--	--	--	50,100	--	--	--
Equipment replacement	--	--	--	--	--	--	--	--	--	--
Assigned to:										
Deficit subsequent year budget	--	--	--	--	176,763	--	--	--	--	--
Equipment replacement	--	--	--	--	--	--	--	100,000	100,000	100,000
Unassigned	--	--	--	1,589,109	1,324,256	1,618,969	2,044,887	2,115,419	2,483,019	2,469,074
Total General Fund	$ 2,041,816	$ 2,172,794	$ 2,057,277	$ 1,590,264	$ 1,505,073	$ 1,624,879	$ 2,122,792	$ 2,266,189	$ 2,624,524	$ 2,572,418
All Other Governmental Funds										
Reserved	$ 507,277	$ 503,300	$ 278,241	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Unreserved, Reported In:										
Special revenue funds	363,180	341,644	322,070	--	--	--	--	--	--	--
Capital projects funds	2,446,167	2,205,219	1,988,035	--	--	--	--	--	--	--
Restricted for:										
Debt service	--	--	--	254,460	254,323	236,159	237,642	235,327	102,701	69,582
Municipal court	--	--	--	69,718	70,785	71,516	84,972	93,294	101,017	92,129
Street improvements	--	--	--	1,430,384	1,502,483	1,509,455	668,709	875,997	720,517	882,109
Park Row project	--	--	--	--	--	--	1,407,000	1,061,604	1,056,231	1,064,998
Animal control services	--	--	--	105,601	91,225	84,238	82,941	81,700	77,633	75,172
Economic development	--	--	--	77,415	74,963	--	--	--	--	--
Pantegofest	--	--	--	--	28,666	35,632	29,825	--	--	--
Other purposes	--	--	--	44,098	30,538	27,651	24,343	20,870	21,497	10,545
Committed to:										
Capital projects	--	--	--	605,809	511,445	220,952	429,361	34,652	24,953	25,162
Assigned to:										
Equipment replacement	--	--	--	172,958	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	(4,016)	--	--
Total All Other Governmental Funds	$ 3,316,624	$ 3,050,163	$ 2,588,346	$ 2,760,443	$ 2,564,428	$ 2,185,603	$ 2,964,793	$ 2,399,428	$ 2,104,549	$ 2,219,697

Note: The City implemented GASB Statement 54 in fiscal year 2011. Prior year balances have not been restated to conform to GASB Statement 54.

TABLE D-5

TOWN OF PANTEGO, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property tax	$ 916,958	$ 953,739	$ 965,637	$ 916,772	$ 991,707	$ 1,019,023	$ 1,025,090	$ 1,027,925	$ 1,060,682	$ 1,122,305
Sales tax	2,352,541	2,104,317	1,734,889	1,761,271	1,749,558	1,640,680	1,708,772	1,814,089	1,974,220	1,927,619
Franchise tax	315,740	318,034	304,706	309,633	343,620	312,658	331,465	318,154	337,774	325,907
Court fines, permits and fees	510,444	617,082	714,169	748,369	919,785	991,792	--	--	--	--
Fines and Forfeitures	--	--	--	--	--	--	913,788	880,750	780,857	636,400
Licenses and permits	--	--	--	--	--	--	77,419	100,212	89,417	71,937
Ambulance service	128,813	136,677	113,291	119,357	123,802	120,927	143,553	134,355	124,770	148,648
Charges for service	--	--	--	--	--	112,296	126,342	130,849	157,920	25,800
Contributions and donations	--	--	--	--	--	--	18,050	21,850	27,634	10,145
Investment earnings	168,780	46,024	10,557	6,660	7,373	6,991	3,140	6,036	14,237	5,765
Intergovernmental	8,376	12,681	180,419	39,813	1,885	95,862	--	260,210	26,015	42,736
Miscellaneous	156,832	133,669	162,961	135,753	106,110	104,196	69,821	55,546	88,450	35,806
Total Revenues	4,558,484	4,322,223	4,186,629	4,037,628	4,243,840	4,404,425	4,417,440	4,749,976	4,681,976	4,353,068
Expenditures										
Current operations:										
General and administrative	757,290	882,186	690,802	603,291	641,908	564,540	587,745	525,373	444,827	498,044
Public works	228,971	192,810	218,227	212,208	215,127	385,942	370,659	350,408	606,080	369,060
Community Development	--	--	--	--	--	--	--	113,679	130,644	146,978
Police	1,157,803	1,166,239	1,268,241	1,289,130	1,235,305	1,146,567	1,144,331	1,163,861	1,203,351	1,399,001
Fire	963,169	998,976	1,050,314	962,979	1,029,348	1,026,053	978,439	1,039,334	1,077,145	1,301,849
Municipal court	205,026	236,038	255,482	298,261	322,743	345,589	378,979	364,599	350,932	383,498
Other	482,146	386,933	378,951	188,293	309,378	112,674	146,946	100,259	99,450	27,387
Capital outlay	202,741	275,927	902,421	103,804	324,771	473,361	329,297	634,541	475,601	135,089
Debt service										
Principal	236,237	274,237	513,483	337,444	335,638	226,900	224,030	261,483	200,115	30,000
Interest and fiscal agent charges	165,569	165,551	266,056	141,876	138,073	39,218	35,001	26,014	30,375	3,576
Total Expenditures	4,398,952	4,578,897	5,543,977	4,137,286	4,552,291	4,320,844	4,195,427	4,579,551	4,618,520	4,294,482
Excess of Revenues										
Over (Under) Expenditures	159,532	(256,674)	(1,357,348)	(99,658)	(308,451)	83,581	222,013	170,425	63,456	58,586
Other Financing Sources (Uses)										
Transfers In	965,838	792,866	638,841	847,597	802,218	330,221	1,573,048	638,391	472,899	26,134
Transfers Out	(1,194,038)	(774,346)	(619,076)	(1,081,357)	(807,762)	(330,221)	(1,016,052)	(1,243,997)	(472,899)	(26,134)
Proceeds of capital lease	117,350	81,913	--	34,692	32,737	66,675	429,361	--	--	--
Proceeds from insurance recovery	--	20,758	--	--	--	--	--	--	--	--
Proceeds of bond issuance	--	--	2,444,898	--	--	--	--	--	--	--
Payment to refunded bonds agent	--	--	(1,684,649)	--	--	--	--	--	--	--
Proceeds from slae of capital assets	--	--	--	3,810	52	9,423	68,733	13,212	--	4,455
Total Other Financing										
Sources (Uses)	(110,850)	121,191	780,014	(195,258)	27,245	76,098	1,055,090	(592,394)	--	4,455
Net Change in Fund Balances	$ 48,682	$ (135,483)	$ (577,334)	$ (294,916)	$ (281,206)	$ 159,679	$ 1,277,103	$ (421,969)	$ 63,456	$ 63,041
Debt Service As A Percentage										
Of Noncapital Expenditures	9.58%	10.22%	16.79%	11.88%	11.21%	6.92%	6.70%	7.29%	5.54%	0.81%

TABLE D-6

TOWN OF PANTEGO, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Total
2008	$ 916,958	$ 2,352,541	$ 315,740	$ 3,585,239
2009	953,739	2,104,317	318,034	3,376,090
2010	965,637	1,734,889	304,706	3,005,232
2011	916,772	1,761,271	309,633	2,987,676
2012	991,707	1,749,558	343,620	3,084,885
2013	1,019,023	1,640,680	312,658	2,972,361
2014	1,025,090	1,708,772	331,465	3,065,327
2015	1,027,925	1,814,089	318,154	3,160,168
2016	1,060,682	1,974,220	337,774	3,372,676
2017	1,122,305	1,927,619	325,907	3,375,831
Percent Change 2008-2017	22.4%	-18.1%	3.2%	-5.8%

TOWN OF PANTEGO, TEXAS

SALES TAX COLLECTIONS BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General	$ 1,463,846	$ 1,308,342	$ 1,077,662	$ 1,094,193	$ 1,097,439	$ 1,369,008	$ 1,426,788	$ 1,514,382	$ 1,647,731	$ 1,608,733
Street Improvement	292,769	261,994	215,533	218,839	217,373	271,672	281,984	299,707	326,490	318,886
PEDC Sales Tax	585,539	523,444	431,065	437,677	434,746	--	--	--	--	--
Total Primary Government	2,342,154	2,093,780	1,724,260	1,750,709	1,749,558	1,640,680	1,708,772	1,814,089	1,974,221	1,927,619
Component Unit - Economic Development	--	--	--	--	--	543,344	563,969	599,415	652,983	637,488
Total Sales Tax Collections	$ 2,342,154	$ 2,093,780	$ 1,724,260	$ 1,750,709	$ 1,749,558	$ 2,184,024	$ 2,272,741	$ 2,413,504	$ 2,627,204	$ 2,565,107

Note: PEDC sales tax from FY 2013 and forward are presented separately from the primary government as a discretely presented component unit in compliance with GASB 14,34, and 61.

TABLE D-8

TOWN OF PANTEGO, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Residential Property	Industrial/ Commercial Property	Mineral Reserves	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2008	$ 94,886,663	$ 151,843,449	$ --	$ 9,403,326	$ 237,326,786	$ 0.3733	$ 237,326,786	100.000%
2009	97,969,475	164,245,132	--	29,728,052	232,486,555	0.3733	232,486,555	100.000%
2010	99,840,554	157,704,217	--	35,237,846	222,306,925	0.3733	222,306,925	100.000%
2011	93,276,078	152,240,801	1,706,000	11,362,557	235,860,322	0.3733	235,860,322	100.000%
2012	94,073,887	146,999,822	1,059,600	11,600,419	230,532,890	0.4100	230,532,890	100.000%
2013	96,721,534	146,193,612	4,124,310	11,973,713	235,065,743	0.4100	235,065,743	100.000%
2014	96,315,249	146,719,746	1,029,420	13,260,159	230,804,256	0.4200	230,804,256	100.000%
2015	142,259,144	155,581,300	1,195,830	52,185,034	246,851,240	0.4200	246,851,240	100.000%
2016	143,215,261	155,926,097	2,326,070	53,097,672	248,369,756	0.4200	248,369,756	100.000%
2017	155,968,390	171,818,829	488,020	54,552,563	273,722,676	0.4200	273,722,676	100.000%

Source: Tarrant Appraisal District

Note: Property in the Town is reassessed each year.
Property is assessed at actual value, therefore the assessed values are equal to actual value.

TABLE D-9

TOWN OF PANTEGO, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Town Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Operating & Maintenance	Interest & Sinking	Total Direct Rate	Tarrant County	Tarrant County Hospital District	Tarrant County Jr. College District	Arlington Independent School District	
2008	0.315197	0.058073	0.373270	0.266500	0.230397	0.139380	1.278000	2.287547
2009	0.315050	0.058220	0.373270	0.264000	0.227897	0.137960	1.272000	2.275127
2010	0.317208	0.056062	0.373270	0.264000	0.227897	0.137670	1.272000	2.274837
2011	0.317448	0.055822	0.373270	0.264000	0.227890	0.137640	1.335000	2.337800
2012	0.351044	0.058956	0.410000	0.264000	0.227897	0.148970	1.305500	2.356367
2013	0.352160	0.057840	0.410000	0.264000	0.227897	0.148970	1.301000	2.351867
2014	0.361060	0.058940	0.420000	0.264000	0.227897	0.149500	1.292170	2.353567
2015	0.385320	0.034680	0.420000	0.264000	0.227970	0.149500	1.348110	2.409580
2016	0.420000	--	0.420000	0.264000	0.227897	0.149500	1.412952	2.474349
2017	0.420000	--	0.420000	0.244000	0.224429	0.140060	1.368670	2.397159

Source: Tarrant Appraisal District and Town records.

Notes: All rates per $100 assessed value.
Totals are not provided for columns since they would be meaningless.
Some of the jurisdictions are mutually exclusive.

TOWN OF PANTEGO, TEXAS

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2017			2008		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Triad Senior Living III LP	$ 9,494,226	1	3.5%	$ 6,337,780	1	2.7%
SVS Apartments LLC	6,100,000	2	2.2%	--	--	--
TSCA-201 Ltd Partnership	5,429,452	3	2.0%	4,105,164	5	1.7%
Texas Pneumatic Systems Inc	4,641,081	4	1.7%	3,626,367	6	1.5%
Stagliano, VJ Etux Peggy Etal	4,075,150	5	1.5%	4,365,715	3	1.8%
Oncor Electric Delivery Co LLC	4,072,743	6	1.5%	4,786,020	2	2.0%
Four Seasons Pantego I Ltd	4,000,000	7	1.5%	4,117,715	4	1.7%
4D JKL Corporation	3,714,460	8	1.4%	--	--	--
Farrell Property Co., LTD	2,900,000	9	1.1%	--	--	--
Southwest Cabinet Corp	2,726,650	10	1.0%	--	--	--
Texas Appliance Supply Inc	--	--	--	3,393,279	8	1.4%
Wehner, Jordan	--	--	--	3,440,000	7	1.4%
Ogle, Cheryl	--	--	--	2,900,000	9	1.2%
Wal-Mart Stores Texas LLC	--	--	--	2,503,363	10	1.1%
Subtotal	47,153,762		17.4%	39,575,403		16.5%
Remaining Roll	226,568,914		82.6%	197,751,383		83.5%
Total	$ 273,722,676		100.00%	$ 237,326,786		100.00%
TXU Electric Delivery Co						

Source: Tarrant Appraisal District

TABLE D-11

TOWN OF PANTEGO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding As of 9/30/17
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2008	$ 911,238	$ 899,827	$ 98.75%	$ 6,961	$ 906,788	99.51%	$ 4,450
2009	957,639	931,437	97.26%	22,025	953,462	99.56%	4,177
2010	954,323	936,382	98.12%	13,909	950,291	99.58%	4,032
2011	903,658	884,426	97.87%	16,957	901,383	99.75%	2,275
2012	986,296	967,494	98.09%	15,965	983,459	99.71%	2,837
2013	998,635	986,987	98.83%	7,797	994,784	99.61%	3,851
2014	1,018,192	1,003,184	98.53%	9,140	1,012,324	99.42%	5,868
2015	1,036,777	1,009,813	97.40%	20,211	1,030,024	99.35%	6,753
2016	1,043,154	1,032,490	98.98%	1,753	1,034,243	99.15%	8,911
2017	1,126,380	1,110,985	98.63%	--	1,110,985	98.63%	15,395

Sources: Tarrant County Tax Assessor Collector and Town records.

Tax Lien and Assessment Date	January 1 each year
Taxes due:	October 1 of the same year
Taxes delinquent	February 1 of the following year

TOWN OF PANTEGO, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	City Direct Rate	Sales Tax for Property Tax Relief	Sales Tax For Economic/ Industrial Dev Sec 4B
2008	1.00%	0.50%	--
2009	1.00%	0.50%	--
2010	1.00%	0.50%	--
2011	1.00%	0.50%	--
2012	1.00%	0.50%	--
2013	1.00%	0.50%	--
2014	1.00%	0.50%	--
2015	1.00%	0.50%	--
2016	1.00%	0.50%	--
2017	0.875%	0.50%	0.125%

Source: Office of the Comptroller of the State of Texas.

TOWN OF PANTEGO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Certificates of Participation	Sales tax Revenue Bonds	Capital Leases	Total Primary Government
2008	$ 625,000	$ 285,000	$ 2,120,000	$ 113,695	$ 3,143,695
2009	535,000	265,000	2,025,000	126,371	2,951,371
2010	445,000	245,000	1,745,000	702,786	3,137,786
2011	355,000	220,000	1,645,000	619,951	2,839,951
2012	260,000	195,000	1,535,000	547,050	2,537,050
2013	160,000	170,000	--	511,825	841,825
2014	55,000	145,000	--	847,157	1,047,157
2015	--	120,000	--	664,817	784,817
2016	--	90,000	--	494,919	584,919
2017	--	60,000	--	335,957	395,957

	Component Unit			
Fiscal Year	Sales tax Revenue Bonds	Total Outstanding Debt	Percentage of Personal Income	Per Capita
2008	$ --	$ 3,143,695	4.4%	$ 1,329
2009	--	2,951,371	4.1%	1,241
2010	--	3,137,786	4.3%	1,311
2011	--	2,839,951	4.0%	1,169
2012	--	2,537,050	3.6%	1,030
2013	1,425,000	2,266,825	1.2%	339
2014	1,295,000	2,342,157	1.5%	421
2015	1,155,000	1,939,817	1.1%	315
2016	1,015,000	1,599,919	0.7%	235
2017	870,000	1,265,957	1.9%	160

See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF PANTEGO, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita
2008	$ 625,000	$ 285,000	$ 507,277	$ 402,723	0.17%	$ 170
2009	535,000	265,000	503,300	296,700	0.13%	125
2010	445,000	245,000	278,241	411,759	0.19%	172
2011	355,000	220,000	254,460	320,540	0.14%	132
2012	260,000	195,000	254,323	200,677	0.09%	82
2013	160,000	170,000	240,981	89,019	0.04%	36
2014	55,000	145,000	237,642	--	--	--
2015	--	120,000	235,327	--	--	--
2016	--	90,000	102,701	--	--	--
2017	--	60,000	69,582	--	--	--

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table D-8 for property value data.

Population data can be found in Table D-17.

TOWN OF PANTEGO, TEXAS

DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Tarrant County	368,058,000	0.28%	$ 1,017,178
Tarrant County Hospital District	42,485,000	0.03%	13,545
Tarrant County College District	--	--	--
Arlington ISD	733,292,263	3.60%	26,160,365
Subtotal, Overlapping Debt			27,191,088
Town of Pantego	584,702	100.00%	584,702
Total Direct and Overlapping Debt			$ 27,775,790

Sources:

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Stephenville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

TOWN OF PANTEGO, TEXAS

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Pantego Economic Development Corporation Sales Tax Revenue Bonds			
Fiscal Year	Sales tax Collections	Debt Service Principal	Debt Service Interest	PEDC Bond Coverage
2008	$ 585,539	$ 90,000	$ 127,466	2.69
2009	523,444	95,000	122,611	2.41
2010	431,065	95,000	155,547	1.72
2011	437,677	100,000	84,757	2.37
2012	434,746	110,000	79,709	2.29
2013	543,344	110,000	73,985	2.95
2014	563,969	130,000	68,006	2.85
2015	599,415	140,000	61,260	2.98
2016	652,983	140,000	54,401	3.36
2017	638,621	145,000	47,041	3.33

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
In 2010, PEDC refunded the sales tax revenue bonds.
Bond covenants require a coverage of no less than 1.25

TOWN OF PANTEGO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Population (1)	2,354	2,365	2,378	2,394	2,430	2,462	2,480	2,485	2,494	2,505
Personal Income (000's) (1)	$ 72,064	$ 72,460	$ 72,948	$ 71,000	$ 71,000	$ 71,000	$ 69,851	$ 71,052	$ 86,929	$ 65,463
Per Capita Personal Income (2)	$ 30,471	$ 30,471	$ 30,471	$ 29,218	$ 28,838	$ 28,629	$ 28,110	$ 28,489	$ 34,702	$ 25,286
Median Age (1)	44.9	44.9	49.9	45.2	45.2	45.2	42.4	45.6	47.4	47.0
Public School Enrollment (2)	3,978	4,139	4,194	4,176	4,185	4,258	4,219	4,312	4,126	4,162
Unemployment Rate (4)	4.9%	7.5%	8.2%	7.9%	6.9%	6.3%	5.3%	4.7%	4.0%	3.2%

Sources:

(1) 2000 Census: 2006-2009 estimates; 2010 Census: 2011-2013 estimates; Neilsen Company Demographics: 2014,2015,2016, and 2017 estimates.

(2) Personal income is derived by multiplying per capita income by the estimated population.

(3) Arlington Independent School District (AISD) - Student Demographic Reports. Includes enrollment for Hill Elementary, Bailey Junior High and Arlington High School, which are AISD schools zoned for the Town of Pantego.

(4) U.S. Department of Labor, Bureau of Labor Statistics - State of Texas Unemployment Statistics report.

TABLE D-18

TOWN OF PANTEGO, TEXAS

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NONE YEARS AGO
(UNAUDITED)

	2017			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Holiday Inn Club Vacations	400	1	41.67%	400	1	41.93%
Pantego Christian Academy	153	2	15.94%	153	2	16.04%
Anton Cabinetry	97	3	10.10%	100	3	10.48%
Wal-Mart Neighborhood	93	4	9.69%	125	4	13.10%
Texas Pneumatic Systems	65	5	6.77%	50	5	5.24%
ESP Services Heating & AC	36	6	3.75%	36	6	3.77%
The Waterford	32	7	3.33%	30	7	3.14%
Trojan Electric	26	8	2.71%	26	8	2.73%
Welden Mechanical Corporation	22	9	2.29%	22	9	2.31%
Aldi Grocery Store	12	10	1.25%	--	10	--
Arctic Star	12	10	1.25%	12	10	1.26%
Dollar Tree	12	10	1.25%	--	10	--
Subtotal	960		100.00%	954		100.00%

Sources: Town's Economic Development records.

Notes: Total employment figures for the Town of Pantego were not available to calculate percentage of total Town employment.

TOWN OF PANTEGO, TEXAS

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Full-Time-Equivalent Employees as of Year End									
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Accounts Payable/Payroll HR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utility Billing Coordinator	1.0	1.0	--	--	--	--	--	--	--	--
Support Specialist	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	--	--
Public Safety Chief	--	--	--	--	--	1.0	1.0	--	--	--
Public Works										
Public Works Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Specialist	--	--	--	--	--	--	--	--	1.0	1.0
Building Inspector	1.0	1.0	1.0	1.0	1.0	--	--	--	--	--
Foreman	--	--	--	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Public Works Worker	6.0	6.0	6.0	5.0	5.0	4.5	4.5	3.5	3.5	3.5
Community Development										
Community Development Director	--	--	--	--	--	1.0	1.0	1.0	1.0	1.0
Support Specialist	--	--	--	--	--	--	--	--	1.0	1.0
Police										
Police Chief	1.0	1.0	1.0	1.0	1.0	--	--	--	--	--
Public Safety Chief	--	--	--	--	--	--	--	0.5	0.5	0.5
Assistant Police Chief	--	--	--	--	--	1.0	1.0	1.0	1.0	1.0
Captain	1.0	1.0	--	--	--	--	--	--	--	--
Lieutenant	--	--	--	--	1.0	--	--	--	--	--
Sergeant	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Detective	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Corporal	2.0	2.0	2.0	1.0	2.0	2.0	2.0	1.0	1.0	2.0
Officer	6.0	6.0	7.0	7.0	6.0	6.0	6.0	7.0	7.0	6.0
School Crossing Guard	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Dispatcher	5.0	5.0	6.0	6.0	6.0	5.5	5.5	5.0	5.0	5.0
Fire										
Fire Chief	1.0	1.0	1.0	1.0	1.0	--	--	--	--	--
Public Safety Chief	--	--	--	--	--	--	--	0.5	0.5	0.5
Assistant Fire Chief	--	--	--	--	--	1.0	1.0	1.0	1.0	1.0
Captain	1.0	--	--	--	--	--	--	--	--	--
Lieutenant	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Firefighter/Paramedic	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Municipal Court										
Court Administrator	--	--	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Court Clerk	1.0	1.0	--	--	--	--	--	--	--	--
Deputy Court Clerk	--	--	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant Court Clerk	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Warrant Officer	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	46.0	45.0	46.0	46.0	47.0	46.0	46.0	45.5	45.5	45.5

Source:
City Human Resources Office

Notes:
A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080.

TOWN OF PANTEGO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Fiscal Year 2008	2009	2010	2011	2012	2013	2014
Public safety							
Police							
Number of employees	17.5	17.5	18.5	18.5	18.5	17.0	17.0
Part 1 index crimes	122.0	151.0	168.0	145.0	157.0	162.0	144.0
Total calls	25,229.0	21,020.0	21,333.0	22,471.0	22,611.0	22,611.0	24,428.0
Crash reports	78.0	73.0	69.0	81.0	92.0	70.0	62.0
Citations	5,015.0	7,573.0	8,040.0	8,040.0	8,072.0	8,790.0	6,796.0
Warrants issued/CID	35.0	14.0	19.0	--	--	--	--
Total arrests	739.0	943.0	1,143.0	1,000.0	1,137.0	1,324.0	976.0
Fire							
Number of employees	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Number of calls for service	1,734.0	1,994.0	1,280.0	1,472.0	1,476.0	1,521.0	1,700.0
Automatic and mutual aid	1,181.0	1,395.0	718.0	843.0	814.0	994.0	1,000.0
Inspections	264.0	688.0	807.0	710.0	367.0	709.0	799.0
Municipal court							
Number of employees	2.5	2.5	3.5	3.5	4.5	4.5	4.5
Citations processed	7,194.0	7,573.0	9,876.0	5,736.0	7,780.0	9,462.0	6,591.0
Warrants processed	3,330.0	4,233.0	4,170.0	5,844.0	4,623.0	5,825.0	8,280.0
Public works							
Number of employees	8.0	8.0	8.0	8.0	8.0	6.5	6.5
Hours worked per function:							
Public works - utility billing	1,868.0	--	--	--	--	--	--
Public works - administration	--	652.0	467.0	866.0	1,171.0	2,035.0	1,806.0
Parks	--	2,399.0	2,797.0	1,881.0	1,729.0	1,950.0	1,616.0
Maintenance	--	1,671.0	1,110.0	821.0	805.0	1,406.0	1,392.0
Streets/Drainage	838.0	484.0	993.0	773.0	1,080.0	1,635.0	1,711.0
Animal control	224.0	158.0	139.0	109.0	194.0	154.0	214.0
Community Development							
Building Safety Inspections	507.0	430.0	411.0	413.0	599.0	669.0	559.0
Code Compliance Inspections	--	--	27.0	38.0	127.0	200.0	69.0
Commercial Permits Issued	70.0	91.0	88.0	66.0	103.0	112.0	123.0
Residential Permits Issued	192.0	118.0	86.0	85.0	118.0	129.0	124.0
Certificates of Occupancy Issued	77.0	90.0	86.0	90.0	72.0	93.0	93.0
Water and Sewer							
Number of water customers	1,174.0	1,174.0	1,184.0	1,192.0	1,197.0	1,193.0	1,187.0
Number of sewer connections	1,126.0	1,126.0	1,129.0	1,136.0	1,140.0	1,144.0	1,141.0
Number of solid waste customers	913.0	917.0	915.0	919.0	923.0	925.0	923.0
Number of recycling customers	865.0	866.0	865.0	867.0	873.0	875.0	872.0
Yearly water consumption (MILLIONS OF GALLONS)	195.8	196.4	189.9	244.2	214.1	174.5	267.9
Yearly sewer usage (MILLIONS OF GALLONS)	--	--	163.9	184.9	125.8	109.4	114.3

TABLE D-20

2015	2016	2017
17.0	17.0	17.0
117.0	108.0	109.0
20,786.0	16,847.0	15,092.0
58.0	81.0	86.0
6,733.0	5,028.0	5,545.0
20.0	--	9.0
995.0	756.0	552.0
10.5	11.0	10.5
1,855.0	1,876.0	1,864.0
1,109.0	1,189.0	1,155.0
711.0	1,027.0	299.0
4.5	4.5	4.5
6,943.0	6,144.0	6,057.0
7,952.0	5,790.0	2,995.0
6.5	6.5	7.5
1,120.0	1,140.0	1,841.0
2,990.0	2,964.0	5,696.0
1,978.0	2,004.0	2,054.0
7,070.0	7,068.0	6,052.0
1,132.0	1,236.0	948.0
202.0	36.0	426.0
682.0	375.0	429.0
66.0	28.0	51.0
119.0	122.0	97.0
127.0	133.0	125.0
115.0	176.0	102.0
1,197.0	1,210.0	1,218.0
1,161.0	1,160.0	1,166.0
935.0	938.0	942.0
886.0	886.0	886.0
163.0	157.5	154.7
108.0	101.0	103.3

TABLE D-21

TOWN OF PANTEGO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	6	6	6	6	6	6	6	6	6	6
Police admin units	2	2	2	2	2	2	2	1	2	2
Fire stations	1	1	1	1	1	1	1	1	1	1
Ambulance units	2	2	2	2	2	2	2	2	2	2
Fire engine units	2	2	2	2	2	2	2	2	2	2
Hazmat units	1	1	1	1	1	1	1	1	1	1
Fire admin units	3	3	3	3	3	3	3	3	3	3
Streets										
Streets (miles)	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62
Traffic signals	8	8	8	8	8		8	8	8	8
Streetlights	237	237	237	237	237	237	237	237	237	237
Culture and Recreation										
Parks	1	1	1	1	1	1	1	1	1	1
Park (acres)	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69
Playgrounds	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Park Pavilions	3	3	3	3	3	3	3	3	3	3
Water and sewer										
Miles of water main	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	24.0
Miles of sewer main	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.0
Water storage facilities	3	3	3	3	3	3	3	3	3	3
Number of fire hydrants	171	171	171	171	171	171	171	171	171	171

Sources: Various Town Departmental records.

TABLE D-22

TOWN OF PANTEGO, TEXAS

SCHEDULE OF INSURANCE POLICIES IN FORCE
AS OF SEPETMBER 30, 2017
(UNAUDITED)

	AM Best Rating	Policy Number	Policy Period	Coverage	Deductibles	Liability Limits
Texas Municipal League Intergovernmental Risk Pool	A++	4,039	10/1/16-9/30/17	General Liability	$ 5,000	$ 2,000,000
				Real and personal Property	2,500	8,144,898
				Auto Liability	5,000	2,000,000
				Auto physical Damage	1,000	Per Schedule
				Law Enforcement Liability	5,000	2,000,000
				Errors and Omissions	5,000	1,000,000
				Workers Compensation	N/A	500,000

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